Miscellaneous

Ahmedabad Ombudsman Centre
Case No. 25-001-0273
Ms Pramila M Shah
Vs
Life Insurance Corporation of India

Award dated 18-4-2006

Policy Document incorrectly issued by the Respondent. It was observed that the Respondent had exhibited carelessness in checking the Policy Document prior to its issuance. There were mistakes in the dates from which the Survival Benefits were payable. As such the Respondent was directed to issue a corrected Policy Document at its cost.

Ahmedabad Ombudsman Centre
Case No. 21-001-0331
Mr. A N Patel
Vs
Life Insurance Corporation of India

Award dated 25-5-2006

Repudiation of Critical Illness Benefit Claim under Ashadeep Policy:: The Complainant was operated for Carcinoma of Left Vocal Cord. The Claim for Critical Illness Benefit was repudiated on the opinion of its Divisional Medical Referee, since the treating Oncologist had replied to the question in the Report called by the Respondent asking "Whether Cancer is completely localised and non-invasive?" as Localised. During the course of Hearing, the Complainant told that is would be enough if the Respondent obtains an opinion of any Oncologist of their choice. The Respondent did obtain an opinion from a Cancer Surgeon who declared that the said disease was an invasive localised Cancer of Vocal Cord. As such, the repudiation was set aside and the Respondent was directed to pay the full Claim amount.

Ahmedabad Ombudsman Centre
Case No. 25-005-0330
Sri S S Lele
Vs
HDFC Standard Life Insurance Co. Ltd.

Award dated 15-6-2006

Switching of Funds in Unit Linked Policy :: The Complainant on four different occasions applied for switching of funds in his Unit Linked Life Insurance Policy. The switch operations between the funds were done on NAV of the date next to the date of request for switch whereas the Complainant claimed that he should have got the credit in

switch operations as per NAV of the same day itself. The policy conditions stated that in case the switch request was received by the Insurer before the cut-off time, the NAV as per next valuation would apply for the switch. The next valuation was defined as the Valuation of the next working day. It was observed that in all the four requests for switch, the Complainant had received the Unit prices prevalent for the corresponding next day. As such, the decision of Respondent was upheld.

Ahmedabad Ombudsman Centre
Case No. 21-001-0068
Mr. P R Valand
Vs
Life Insurance Corporation of India

Award dated 23-6-2006

Repudiation of Claim under Life Insurance Policy: The Complainant while filling in the Consent Letter in Format P-III had incorporated as many as 6 Riders which grossly qualified the said Consent for the case to be tried by the Ombudsman as per the RPG Rules, 1998. The Complainant allowed the Case to be taken up only if the Claim is settled with full satisfaction and the payment of the Claim be made without further delay. Such conditionalities virtually dictate the decision, thus undermining its position despite it being created by due process of Law. Hence, it was decided not to take up the case in the Forum.

Ahmedabad Ombudsman Centre
Case No. 25-001-0303
Sri. R N Pandey
Vs
Life Insurance Corporation of India

Award dated 10-8-2006

Units not credited properly under Unit Linked Insurance Policy: The Complainant had paid the renewal premium of Rs. 25000/- under his Unit Linked Insurance Policy on 23-8-2005. He was allotted 428.772 units. There was an arithmetical error in allotment of Units since the correct number of Units that should have been allotted was 1220.448, which, the Respondent was directed to credit to the Complainant's account.

Bhopal Ombudsman Centre
Case No.: SBI-734-21/02-06/MUM
Shri Shafi Mohammed Qureshi
Vs.
SBI Life Insurance Co. Ltd.

Award dated 13.04.2006

Shri Shafi Mohammed Qureshi, Complainant took a policy numbered 06013803808 under "Sudharshan" plan of insurance for a Base Cover of Rs. 50000/- & Accidental Death Benefit, Critical Illness Rider each of Rs. 50000/- from the Respondent. The complainant suffered Heart Attack on 08.12.05. When the claim for Critical Illness Rider Benefit was preferred by the Complainant with the Respondent, the same was repudiated on the grounds of Limitation and Exclusions of Policy provisions that the Company shall not be liable to pay any sum in the event of any critical illness

diagnosed within six months from the DOC of Policy. The claimant preferred a complaint to this Office.

Observations of Ombudsman:

I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Respondent contended that the DOC of Risk under the policy is 15.10.2005. The complainant submitted claim for Critical Illness Rider Benefit in connection with heart attack which occurred on 08.12.05. As per Limitation and Exclusions of Policy, the claim was repudiated as nothing is payable if any critical illness is diagnosed within six months from the DOC of Policy. The Respondent further contended that they had written to the Complainant on 14th March, 2005 to get himself medically examined by the doctor referred by them but the Medical Examination was conducted after a delay of 4 months on 23.07.05. Subsequently on 18th August 2005, the Respondent had called for Age Proof from the Complainant.

The complainant reported during hearing that he did not receive any written communications whatsoever from the Respondent after the date of proposal. Due to the non-availability of doctor, medical examination was conducted late and the report of which dated 23.07.2005 shows that he was keeping normal health.

It is observed from records that the Complainant had submitted the proposal for insurance with the Respondent for the policy in question on 15.03.05 but the same resulted into Policy after a long period viz., 7 months. On the contrary, the Respondent is taking the plea that the complainant suffered from Heart attack within 6 months from the date of commencement of policy hence the Respondent is not liable to honour the claim as per the limitations and exclusions of Policy. In the instant case, the Respondent's contention is absolutely not tenable as had the Policy been issued in time to the Complainant, this six months clause would not have become applicable. Further the contention of Respondent to have made several written communications to the Complainant regarding medical examination, age proof, etc., does not support its decision of not honouring the claim as the above said requirements should have been called for at the proposal stage itself instead of demanding from the Complainant in piecemeal. It is also observed from the Medical report dated 23.07.2005 that the Complainant was keeping normal health and that his health problem developed only at a later date. Hence it is clear that the complainant cannot in any way be held responsible for Respondent's act. It is observed that there is gross deficiency in service on the part of the Respondent. Thus, the complainant should not be penalised for the delay on the part of Respondent in issuing the policy.

Hence, the Respondent is directed to pay the claim amount for Critical Illness Rider benefit under Policy No. 06013803808 within 15 days of receipt of this order failing which the Respondent shall be liable to pay further interest at the rate of 9% per annum from the date of this Order till the date of actual payment.

Bhopal Ombudsman Centre
Case No.: LI-810-25/04-07/JBP
Shri Sanjay Kumar Namdeo
Vs.
Life Insurance Corporation of India

Award dated 19.06.2006

Shri Sanjay Kumar Namdeo, Complainant took a Future Plus Policy with BOC No. 306 on 13.04.05 from the Respondent. As there was a delay in issuance of Policy Bond by the Respondent, the claimant preferred a complaint to this Office.

Observations of Ombudsman:

I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainant contended that he has not received the policy bond for the Future Plus Plan in spite of submitting the proposal form along with amount in time. Further, the Complainant refused to accept the offer given by the Respondent of refund of proposal deposit with interest rate of 5 ½% and insisted for issuance of the policy bond.

It is also observed that the Respondent could not show any valid reasons to justify for not issuing the Policy bond.

Thus it is evident from the above that there is a lacuna on the part of Respondent in issuing the Policy in time.

Hence, the Respondent is directed to issue the Future Plus Policy at the rates prevailing as on date within 15 days of receipt of this order with the same number of units whatever were available on 15th April, 2005.

Bhopal Ombudsman Centre
Case No.: LI-833-25/05-07/STN
Shri Rajendra K. Bansal & Smt. Seema Bansal
Vs.
Life Insurance Corporation of India

Award dated 14.07.2006

Shri Rajendra K. Bansal & Smt. Seema Bansal, Complainants took a life insurance policy each under Future Plus Plan with Policy Numbers: 376337342 & 376337340 from the Respondent. The complainants informed that they have deposited Rs. 2.5 lacs and 3.5 lacs each vide ch. No. 6585960 and 402785 each dated 12.04.05 for purchasing the units of Future Plus (Growth Sector) from the Respondent. But they were shocked to see that receipts & certificates issued by the Respondent is only for the value of each Rs. 25000/- and 35000/-. The Complainants have complained that they have written various letters to the Respondent to rectify the mistakes but the same is not carried out till the date of complaint. Aggrieved by the Respondent's delay, the Complainants have lodged a complaint with this Office seeking directions to Respondent to issue the balance units @Rs. 10/- as per the N.A.V. at the time of deposited amount.

Observations of Ombudsman:

I have gone through the materials on records and submissions made during hearing and my observations are summarized as follows:

The Complainants contended that the Proposals for the Policies in question were obtained by them from the Respondent on payment of Rs.: 350000/- and Rs. 250000/- on 13.04.05. The Policy bonds issued in July 2005 along with FPRs were received by them only on 25.02.2006 through an agent, i.e., after a period of 10 months from the date of proposal. Thereafter the Complainants wrote to the Respondent for making necessary corrections on 02.03.2006 but the Respondent instead of effecting corrections, returned the balance amount in the month of March, 2006.

The Respondent contended that the FPRs were sent to the Complainants on 18.04.2005 and the Policy Bonds issued in July, 2005 were not despatched by Post but were sent to the Complainants, personally through an agent of Branch – 1, Rewa on 02.08.2005. As the FPRs reached the Complainants on 02.08.05, they could have pointed out the mistakes and advised them for necessary corrections. In the absence of the Complainants doing so, the policies were allowed to run for the amounts mentioned therein.

It is observed from the deliberations during hearing and records that the Respondent could not produce any documentary evidence to show that the FPRs were sent to the Complainants on 18.04.05. It is also observed that the Policies were sent to the Complainants after a long delay only on 25.02.06 through an agent. Hence, the Respondent's contention that the Complainants could have intimated about the corrections in Policies is not tenable as the Policy itself reached the Complainants very late.

In view of the above, the Respondent is directed to allot units as on the date of proposals dated 18.04.05 under the Policies in question or to refund the amounts at the present NAV at the rates prevailing as on the date of this Order within 15 days of receipt of this Order failing which the Respondent shall be liable to pay further interest at the rate of 9% per annum from the date of this Order till the date of actual payment.

Bhopal Ombudsman Centre
Case No.: LI-809-25/04-07/STN
Shri Surendra Kumar Shukla
Vs.
Life Insurance Corporation of India

Award dated 30.08.2006

Shri Surendra Kumar Shukla, resident of Uchehra, Distt.: Satna proposed for a life insurance policy under Bima Plus Plan with LIC of India, DO: Satna, BO: Maihar by paying Proposal Deposit amount of Rs. 20000/- vide Miscellaneous Receipt No. 731 dated 30.03.05. The complainant has complained that he has not received the First Premium Receipt and Policy Bond till the date of complaint. Aggrieved by the delay of the Respondent in issuing Policy Bond, the Complainant has lodged a complaint with this Office seeking directions to Respondent to issue the Policy Bond.

Observations of Ombudsman:

I have gone through the materials on records and submissions made during hearing and summaries my observations as follows:

There is no dispute that the Complainant has proposed for Bima Plus Plan with the Respondent by paying proposal deposit amount of Rs. 20000/- vide Miscellaneous Receipt No. 731 dated 31.03.05.

During hearing the Complainant has stated that he has taken the Bima plus insurance plan for a long period to cover the life risk as well as to invest the amount for future security. But he has not received the policy bond. Further the Complainant submitted the copy of PAN card having date of birth as 01-01-1970.

During hearing the Respondent informed that that the amount of Rs 20000=00 was deposited on 30-03-2005 at Branch Office Maihar along with proposal form for Bima Plus and this plan was risk coverage plan hence the age proof was called from the Complainant to complete the proposal. The party was sent the letters on 27.04.2005,

02.06.2005 and 23.06.2005 but the Complainant did not produce the age proof, hence the proposal was not completed and the policy could not be delivered to the complainant and the amount was refunded to the complainant on 10-02-2006.

The age certificate was called from the Complainant by ordinary letters and the copies of the letters were produced. The same certificate was not called through the agent nor any other efforts were made to call for the age certificate and the amount was also not refunded to the Complainant immediately after sending the last letter to the Complainant when the Complainant could not submitted the age proof. The Complainant is a teacher and in Government service, age proof would have been collected through other sources if the insurance company made efforts. But it appears that the Respondent kept silent till the refund of amount of deposit on 10-02-2006 and did not make the proper follow up. Hence, it is clear that there is undue delay in refunding the amount of proposal deposit.

In view of the above, the Respondent is directed to issue the policy bond after verification of age proof. Or refund the amount at the present NAV at the rate prevailing as on date of this order within 15 days of this order failing which the Respondent shall be liable to pay further interest @ 9% p.a. from the date of this order till the date of actual payment.

Bhubaneshwar Ombudsman Centre
Case No. O.I.O/BBSR/24-001-345
Smt.Rajanibala Paikray
Vs.
Life Insurance Corporation of India

Award dated 26.06.2006

Happened : that Smt. Rajanibala Paikray, the complainant deposited a single premium of Rs. 264675/- under Varistha Pension Bima Yojana. The amount was misappropriated by the Development Officer of LIC. Being aggrieved the complainant moved this forum for redressal.

Complained : that the policy bond was not received and pension was also not released.

Admitted by LIC that the single premium amounting to Rs. 264675/- was misappropriated by the Development Officer.

Observed : that LIC had removed the Development Officer from the service of the corporation.

Held : that the premium of Rs. 264675/- to be refunded with interest @ 9% from the date of deposit i.e 19.2.2004 till payment within 15 days.

Bhubaneshwar Ombudsman Centre
Case No. O.I.O/BBSR/23-001-0001
Smt.Y.Bhubaneswari
Vs.
Life Insurance Corporation of India

Award dated 19.6.2006

Happened : that the assured complainant Smt.Y.Bhubaneswari had obtained a Jeevan Sneha Policy under Table & Term 128-20 from Cuttack Branch-III of LIC of India, Cuttack Division vide Policy No. 584273260 under Yly mode of payment with option for

reinvestment of S.B. The first Survival Benefit fell due on 28.03.2006 and the complainant exercised her option on 24.3.2006 by fax and thereafter on 27.3.2006 by e-mail. But LIC declined to reinvest on the ground that no intimation was sent to them in spite of notice till 22.3.2006. Being aggrieved the complainant moved this forum for redressal.

Complained : that she exercised the option for reinvestment before due date of 1st S.B. But the Insurer arbitrarily turned down the option.

Countered : by LIC that they had noticed the Complainant to exercise her option by 22.3.2006 and no option was received by the cut off date and hence S.B. cheque amounting to Rs.10000/- was sent to her which she declined to accept.

Observed : that special provision No. 3 embodied in the Policy document is very clear about exercising of the option. It is mentioned in the said provision that option has to be exercised at any time after the due date on which it falls due. LIC has subsequently amended replacing the words as before the due date. The assured complainant has exercised her option before due date i.e on 24.3.2006 and 27.3.2006 by fax and e-mail respectfully.

Held : that the Insurer infringed the special provision No. 3 by fixing 22.3.2006 as the cut off date for exercising the option. The Insurer is therefore directed to reinvest the first Survival Benefit with effect from due date.

Bhubaneshwar Ombudsman Centre
Case No.. O.I.O/BBSR/22-001-0130
Sri Bhaskar Satpathy
Vs.
Life Insurance Corporation of India

Award dated 26.6.2006

Happened : that Sri Bhaskar Satpathy, the assured Complainant had obtained an Asha Deep Policy on 14.9.96 under Table & Term 121-15 vide Policy No. 582235534 under half yearly mode of payment for an assured sum of Rs. 50000/- from Jajpur Branch of the Life Insurance Corporation of India. He paid premiums till March'98 and discontinued thereafter due to financial constraint arising out of death of his father. On 28.3.2005 when he went to revive the policy the Insurer declined to accept arrear premiums as the policy had lapsed for more than five years. Being aggrieved he moved this forum for redressal demanding return of all premiums paid under the lapsed policy.

Complained : that he is prepared to pay interest on arrear premiums for revival of the policy. If revival is not possible, the premiums paid by him should be refunded.

Countered : by LIC that ordinarily revival is not allowed after five years .Since the policy has not acquired paid up value refund of premiums will not be allowed.

Observed : that the assured Complainant is prepared to pay interest on arrear premiums.

Held : that the policy be revived as a special case observing necessary formalities for revival as per the rules of the insurer.

Bhubaneshwar Ombudsman Centre
Case No. O.I.O/BBSR/22-009-0124
Smt. Krishnaveni
Vs.
Bajaj Allianz Life Insurance Co. Ltd.

Award dated 26.6.2006

Happened : that Smt. Krishnaveni, the complainant had submitted a proposal for life insurance on her own life in Bajaj Allianz Life Insurance Co. Ltd. on 19.12.2002 and made initial deposit of Rs.1866/- for the purpose. She submitted the required documents and underwent medical test by the empanelled doctor of the Insurer. The insurer turned down the proposal and on 15.1.2004 issued a cheque refunding Rs.1786/-. The said cheque was misplaced with the Complainant and became stale .She submitted the said stale cheque to the Insurer for revalidation on 14.9.2004. Fresh cheque for Rs.1786/- was issued to her only on 25.4.2005.

Complained : that she is entitled to receive entire deposit amount of Rs.1866/- along with interest.

Countered : by the insurer that Rs.80/- was deducted from the initial deposit towards medical fee and other charges. But the representative of the Insurer drew a blank, when asked to explain about delayed payment of the remainder amount.

Observed : that the Insurer failed to explain the reason for non acceptance of the proposal and as such they are bound to refund the entire amount along with interest for delayed payment.

Held : that the complainant has already received Rs.1786/-.

She is therefore entitled to receive Rs.80/- and interest from 25.4.2005 to 26.6.2006 @ 5% p.a.

Bhubaneshwar Ombudsman Centre
Case . No. O.I.O/BBSR/24-001-0304
Sri Trilochan Panigrahy
Vs.
Life Insurance Corporation of India

Award dated 24.8.2006

Happened : that Sri Trilochan Panigrahy, Proprietor, M/s. Berhampur Indane Service, Berhampur had obtained an Asha Deep II policy covering sickness benefit for four major diseases viz :- Cancer, Paralytic Stroke, Renal failure and Coronary Artery diseases requiring By pass Surgery etc. from Berhampur Branch-I of LIC of India, Berhampur Division on 28.10.2000 under table & term 121-20 vide Policy No. 570585587 under Yly mode of payment for an assured sum of Rs.100000/-. The policy lapsed due to non payment of premium due 10/2002 and the life assured revived the policy on 17.6.2003 on deposit of arrear premiums with required declaration form. On 27.12.2003 the complainant was admitted to CARE Hospital, Hyderabad for Cardiac By Pass Surgery which was done on 30.12.2003 . On 14.6.2004 he lodged claims for getting the benefit as per terms of the policy. The Insurer repudiated the claim on the ground that he was suffering from Diabetic Mellitus prior to the date of revival and this fact was suppressed in Personal Statement Regarding Health. Being aggrieved he moved this forum for redressal..

Complained : that he had no pre-existing disease, but developed Cardiac problem only in December'2003.

Countered : by LIC that the complainant was suffering from Diabetic Mellitus for one and half years prior to 17.6.2003 as borne out by the Out Patient Card and discharge certificate of CARE Hospital, Hyderabad.

Observed : that on 30.12.2003 the Complainant had undergone By Pass Surgery in CARE Hospital, Hyderabad. It is borne out by the Out Patient Card and discharge Certificate of CARE Hospital that the Complainant was suffering from Diabetic Mellitus Type-II for last two years from the date of admission i.e one and half years from the date of revival. This material fact was suppressed in the Personal Statement Regarding Health while submitting on 17.6.2003 for revival of the policy and as such the Insurer as per terms of the contract was not liable to pay the claim. But the Insurer has blown hot and cold at the same time by accepting premium for October'2004 after lodging the claim.

Held : that repudiation is set aside and the policy may be continued by altering the plan to Endowment.

Chandigarh Ombudsman Centre
Case No. Kotak Mahindra/328/Mumbai/Chandigarh/22/06
Harbir Singh
Vs
Kotak Mahindra Old Mutual Life Insurance Ltd.

Award dated 04.05.2006

Facts : Harbir Singh had taken a policy bearing no. 000000178415 for sum assured of Rs. four lakh on 08.01.2005 from one Aneja, an agent of Kotak Mahindra. He paid Rs. 41,624/- as premium. His grievance was that though he asked for a policy with lesser premium and shorter term, Aneja got a blank cheque signed from him and a policy with first premium instalment of Rs. 41,624/- was issued. He filed a complaint against him with the insurer, but no action was taken. In the meantime, Aneja migrated to Canada. He urged that as he was not in a position to pay such heavy premium instalments. Therefore, the policy be cancelled and premium refunded to him.

Findings : Insurer informed vide letter dated 22.02.2006 that the proposal was submitted by the complainant for availing insurance cover of Rs. four lakh with other rider benefits. The yearly premium of Rs. 41624/- was paid by him against which proposal deposit receipt was issued on 31.12.2004 and the policy bearing no. 178415 was issued. It was contended that the policy was procured by the complainant through life advisor, Kamaljeet and not one Aneja. From the date of receipt of proposal deposit until almost a year thereafter the complainant did not apprise the company of his alleged grievances set forth in the complaint. An option of "free look period" was given to him during which he could reconsider the decision and get the premium refunded after deduction on account of stamp duty and medical expenses.

During the hearing the insurer stated that there was enough time for application of mind on the part of insured to weigh the pros and cons of the policy. As the complainant did not exercise the option of getting the policy cancelled during "free look period", the premium could not be refunded. The complainant after getting the first policy in the name of his brother's wife Smt. Jaspreet Kaur, had purchased a policy on his own life after a gap of one year entailing heavy outgo of premium. Therefore, the version of the complainant that he was duped by the agent could not be relied upon.

The main plea of the complainant was that he was misled into buying the policy which had longer term and higher premium outgo than what he could afford. The representative of insurer was, therefore, advised to explore the possibility of reducing the term and sum assured under the policy. The insurer after considering the suggestion formulated revised proposal under which the sum assured could be reduced

to minimum of Rs. 60,500 with the annual premium of Rs. 6002 with corresponding reduction in accidental disability benefit and permanent disability benefit riders upto Rs. 60,500 as the premiums for these riders are Rs. 48 and Rs. 24 respectively. Likewise, critical illness rider benefits would also get reduced to 50 per cent of the revised sum assured i.e. Rs. 30,250 with corresponding premium of Rs. 496 (app.). Accordingly, the annual premium would be approximately Rs. 6,570. Besides, service tax and handling charges shall be levied at applicable rates.

It was further clarified that the complainant will be required to revive the policy which is currently in a lapsed mode by discharging premium for the period the policy remained lapsed. Further, premium for such lapsed period would attract handling charges @ 9% from the date of lapse till the date of revival. Due credit for the premiums paid under the existing policy shall be given to the policyholder and the fund value under the existing policy of Rs. 10,543.70 shall be considered for calculating the benefits, if the terms as proposed are accepted by the insured unconditionally.

Decision : Held that the complainant failed to exercise option for cancellation during "free look of period" of 15 days, after receipt of policy bond. Nevertheless the insurer seems to have shown some consideration by offering revised terms which should be fair and equitable. The complainant was directed to respond within a period of 15 days, failing which the insurer may construe that he is not interested in the revised proposal.

Chandigarh Ombudsman Centre
Case No. LIC/401/Ludhiana/Mansa/22/06
Smt. Sarita
Vs
Life Insurance Corporation of India

Award dated 22.05.2006

Facts : Smt. Sarita purchased a policy bearing no. 161475521 for sum assured of Rs. one lac on 28.11.2001 from Branch Office, Mansa. The annual premium payable was Rs. 7105/-. As per terms and conditions of the policy, if annual premium is paid in advance, 10% rebate is allowed. She paid the annual premium of Rs. 7105/- in 2001 and 2002 as well. In 2002, she paid advance premium of Rs. 6,395/- for the year 2003. Likewise, she deposited advance premiums of Rs. 6,395/- each in 2003 and 2004 for the years 2004 and 2005 respectively. In December 2004, she demanded confirmed receipt from the B.O. for the premium paid in advance in 2002 pertaining to year 2003. She was asked to file a written request with the receipt of premium paid. She duly submitted both the receipts and receipt for Rs. 14,210/- towards premiums paid for the year 2003 and 2004 issued by B.O. In December 2005, she asked for the confirmed receipt of premium paid in advance in December 2004 for December 2005. She was informed that premium for December 2005 was outstanding and that receipts were issued in respect of premiums for December 2003 and December 2004. She stated that as per rules, confirmed receipt of premium is issued after one year of premium paid in advance. The premium instalment for the year 2003 was deposited by her between December 20, 2002 to December 28, 2002. She stated that she did not have receipt of advance premium deposited in 2002 as temporary receipt issued against advance premium for 2003 was submitted with the request for issue of confirmed premium receipts for 2003 and 2004. But no action was taken on her representation.

Findings : Insurer informed vide letter dated 08.04.2006 that after thorough checking of computer record, it transpired that premium due on 28.11.2002 was paid on

20.12.2002. It was confirmed that she did not pay any advance premium in December 2002 for adjustment against premium for 2003. The two premium instalments paid by her on 26.12.2003 and 27.12.2004 had been adjusted against premium for the year 2003 and 2004 respectively. The complainant did not furnish any receipt for advance premium paid by her in December 2002.

During hearing on 22.05.2006, on behalf of complainant, her husband stated that the basic dispute with regard to updating of premium account relates to the year 2005. His wife paid the premium amount due 2005 in 2004 in advance. He further pointed out that 10% rebate was given on payment of premium in advance. It was established that she paid Rs. 6395/- against regular premium of Rs. 7105/- in 2004. He stated that acceptance of Rs. 6395/- by LIC authorities in 2004 was sufficient to establish that it was advance premium for 2005. Despite his personal visits to the B.O., premium instalment was not adjusted in the policy account. He stated that he was harassed by the branch officials as despite showing all the premium receipts since the inception of the policy, action was not taken to rectify the mistake. He urged that apart from updating of premium instalments, he should be paid Rs. 2000/- for incurring expenditure on correspondence. He also sought compensation for mental harassment and urged that strict action be taken against branch officials. The representative of insurer after perusing the documents shown by complainant's husband admitted the lapse of not adjusting the advance premium for 2005. On the basis of record it was clear that advance premium for 2005 was paid, but the matter was not settled despite personal visits by the complainant's husband. She also served a legal notice, but no action was taken. The representative of insurer was directed to get the necessary adjustments made and send confirmation by 23.05.2006.

In pursuance of these directions, insurer informed vide letter dated 23.05.2006 that an amount of Rs. 6,395/- paid on 24.12.2002 in the name Ms Sunita Rani was traced and since the amount and policy number tally, the same has been adjusted towards premium due on 28.11.2005 by B.O., Mansa.

Observed that the case involves serious deficiency in service on the part of insurer. The adjustment of premium since paid was not made despite the fact that the complainant furnished requisite proof. Besides, the stand taken by the D.O. while furnishing comments was patently wrong and against facts. It is obvious that some official in B.O. has unnecessary been harassing the complainant.

Decision : Held that since the complainant had to undergo unwarranted harassment at the hands of insurer, he be paid Rs. 2000/- as compensation for the harassment suffered. The insurer was advised to have the matter investigated and take appropriate action in order to avoid recurrence.

Chandigarh Ombudsman Centre
Case No. TATA AIG/358/Mumbai/Hissar/22/06
Om Parkash Sethi
Vs
Tata AIG Life Insurance Co. Ltd.

Award dated 26.05.2006

Facts : Om Parkash Sethi took two policies bearing no. C-110172734 and C-110172831 from Branch Office, Chandigarh for which premium of Rs. 2018/- and Rs. 7318/- respectively was paid. He defaulted in payment of premium due 28.11.04, but paid it on 17.05.2005. He was asked to get himself medically examined at his own

expense. Medical examination was conducted through insurer's approved doctor and medical report was sent by the doctor on 08.07.2005. He was advised to submit request for reinstatement of policies after six months vide letter dated 15.07.2005. When he deposited the premium for the second policy on 13.12.05, he was again asked to undergo medical examination. It was conducted by an approved doctor on 14.12.2005 who sent the report directly. Other requisite documents were handed over by him personally. He was later informed that his request for reinstatement of policies cannot be considered. The grievance of the complainant is that he was informed after six months that his policies cannot be reinstated. He underwent medical examination for reinstatement of policies, but the policies have not been reinstated.

Findings : Insurer informed vide letter dated 02.03.2006 that the medical reports were assessed by the underwriter and decision to decline reinstatement of policies was taken on the basis of underwriting guidelines. The relevant text of the reinstatement clause was quoted, which read as under:

"If a premium is in default beyond the Grace Period and subject to the Policy not having been surrendered, it may be reinstated, at our absolute discretion, within five years after the due date of the premium in default subject to: (i) your written application for reinstatement; (ii) production of Insured's current health certificate and other evidence of insurability satisfactory to us; (iii) payment of all overdue premiums with interest; and (iv) repayment or reinstatement of any Indebtedness outstanding at the due date of the premium in default plus interest."

It was further pointed out that in the event of default in payment of premium by the policyholder, the responsibility to produce required medical evidence to assess insurability rests upon the insured.

During the hearing, the complainant admitted that there was default in payment of premium. As advised, he subjected himself to medical examination and submitted reports to the insurer. But the premium deposited by him was refunded to him on the ground that reinstatement is not possible. The representative of insurer pointed out that as per terms and conditions of the contract, reinstatement is the prerogative of the insurer. Decision to reinstate the policies after first medical examination was postponed for six months as per the underwriting requirements. That is why he was asked to go in for medical examination second time. It was further stated that after evaluating the subsequent medical examination report, it was concluded that it was not a fit case of insurability. However, details of previous or subsequent medical examination reports, opinion of medical underwriter and recommendation that it is not a fit case of insurability were not given. The representative of insurer was advised to submit the same at the earliest. The complainant further argued that as far as he is concerned, he considers himself fit for insurance and is ready to undergo any medical examination by any other independent doctor.

In pursuance of these directions, insurer forwarded a report of medical underwriter detailing the reasons for declining reinstatement of complainant's policies. It was mentioned in the report that life assured had a history of right temporal lobe glioma (tumour of brain) for the last five years and had undergone craniotomy operation for the same. Consequently, there may be a possibility of occurrence of long-term complications of surgery and recurrence of tumour. Therefore, it was decided to decline the reinstatement of policies on medical grounds. As premiums were not paid within the grace period and consequently the policies lapsed, the complainant requested for reinstatement of policies after depositing the requisite premiums. He was

asked to undergo medical test at his own expense. As per terms and conditions, reinstatement is the absolute discretion of the insurer as it tantamounts to a fresh contract. Contractual obligations cannot be forced on an unwilling party. Besides, the insurer has every right to evaluate the risk involved before accepting the proposal.

Decision : Held that the decision of the insurer not to reinstate the policy was in accordance with the terms and conditions of the policy. Hence, there was no justification for interfering with it.

Chandigarh Ombudsman Centre
Case No. LIC/39/Karnal /Kurukshetra/24/07
Sanjeev Kumar Gupta
Vs
Life Insurance Corporation of India

Award dated 31.05.2006

Facts : Sanjeev Kumar Gupta took a policy bearing no. 171099559 for sum assured of Rs. 40,000/- from Branch Office, Kurukshetra with DOC 28.11.1995. Payment of SB amounting to Rs. 8000/- was due on 28.11.2005, but it was not paid until 26.04.2006. He stated that he visited the B.O. several times, but every time he was put off on the pretext that branch officials were busy in March closing or that the Branch Manager was on leave. He stated that there had been delay of five months and he, being a shopkeeper, could not visit B.O. time and again as his business suffers in the process. He pointed out that there were many policyholders like him who were also suffering in the similar manner. He further stated that he would like to have the entire premium amount refunded in case he has to suffer similar problem in future.

Findings : Insurer informed vide letter dated 12.05.2006 that SB payment cheque was prepared on the basis of list generated through computer in November 2005, which is printed every month. As the policy docket was not available, the B.O. asked for policy bond and discharge form from the life assured. The cheque was, therefore, not despatched. After receipt of complaint from this office, the position was reviewed and a fresh cheque was issued along with discharge form to be returned by him duly completed. It was found that there is element of truth in what the complainant stated. The delay in despatch of cheque was occasioned because of non-availability of policy docket in the B.O. The complainant cannot be blamed for misplacement of policy docket by the insurer.

Decision : Held that having defaulted in timely payment of SB instalment, the insurer is liable to pay interest @ 8% for the period of delay to the complainant.

Chandigarh Ombudsman Centre
Case No. LIC/333/Karnal /Ambala City/22/06
Lt. Col. Lava Kumar
Vs
Life Insurance Corporation of India

Award dated 31.05.2006

Facts : Lt. Col. Lava Kumar had taken a Bima Plus policy bearing no. 174058516 from Branch Office, Ambala City with DOC 28.12.2004. He stated that at the proposal stage, he had clearly mentioned that the policy was to be financed through DSOP Fund and would be serviced by LIC City Branch (Unit No. 987), Pune. After receipt of policy bond, he assigned his policy in favour of the President of India and requested B.O. Ambala Cantt. to transfer the same to B.O. 987, Pune. He was informed on 07.04.2004

by B.O. Ambala Cantt. that the policy has been transferred to City B.O. 987, Pune. However, B.O. Pune informed him that his policy had not yet been transferred. Subsequently B.O. Ambala Cantt. informed him that transfer of the policy could not be effected. He stated that he was not aware of the exact status of his policy.

Findings : Insurer informed through e-mail dated 24.05.2006 that the B.O. 987, Pune had sent a cheque for Rs. 50,000/- on account of premium due for December 2005 for adjusting the same under the above policy which has been adjusted against the premium due on 12.02.05. The current FUP is 12.2006. It was stated that an e-mail from Pune B.O. has been received which is the servicing branch office for DSOP fund policies, informing that as the policy is not transferable they will send the premium cheque received from CDO Pune to B.O. Ambala Cantt. till the transfer option is given by Corporation under ULIP policies.

Decision : Held that as some ad hoc arrangement has been worked out to adjust the premium, the complainant should feel satisfied with the interim arrangement. Meanwhile, the insurer was advised to take up the matter with Central Office for exploring the possibility of transfer of such policies.

Chandigarh Ombudsman Centre
Case No. SBI Life/13/Mumbai/Chandigarh/21/07
Ajab Lal
Vs
SBI Life Insurance Co. Ltd.

Award dated 31.05.2006

Facts : Ajab Lal had filed a complaint earlier on 12.04.2006. His grievance was that while he applied for single premium policies, he was issued five policies based on annual premium. He requested for cancellation of policies to Sanjeev Kumar, Branch Manager. Premium paid by him was refunded for four policies, but in case of fifth policy premium was yet to be refunded. During the hearing held on 29.05.2006, representative of insurer stated that refund of premium for 5th policy was in process and undertook that the amount would be refunded within a week.

He again filed a complaint on 24.04.2006 stating that while the payment was refunded for 5th policy, but the payment was short by Rs. 1475/-. He stated that it was committed by the representative of insurer during hearing on 29.03.2006 that full amount of Rs. 1,00,000/- would be refunded, but instead he received only Rs. 98,525/-. He sought payment of Rs. 1,475/- with interest, for the period of delay.

Findings : During hearing, the complainant stated that he exercised the option for cancellation of policies even before receipt of the policy bonds. Therefore, the insurer ought to have advised the Head Office not to issue the policy bonds. Had immediate action been taken on his request, expense on policy stamps could have been avoided. He stated that Rs. 100/- for each of the three policies was deducted as stamp fee charges. He also suffered loss of interest for the period the money remained with the insurer. The representative of insurer pointed out that only medical expenses have been deducted from proposal amount for the 5th policy.

Decision : Held that the decision of the insurer to recover the medical fee of Rs. 1475/- is fully justified as the complainant had undergone the medical examination. However, Rs. 300/- deducted towards stamp fee should be refunded to the complainant as he has requested for cancellation of the policy before its issuance.

Chandigarh Ombudsman Centre
Case No. LIC/337/Chandigarh/Unit-II/22/06
Ram Niwas Bansal
Vs
Life Insurance Corporation of India

Award dated 07.06.2006

Facts : Brief facts of the case are that Ram Niwas Bansal was employed as a clerk in Haryana Gramin Bank at B.O. Farmana. During September 2004, an agent visited the bank branch and persuaded him for purchase of a policy. He indicated that he was prepared to have a policy with an annual outgo of upto Rs. 10,000/- as premium. He also marked the premium amount with pencil in the proposal form. However when he received the FPR in December 2004, he was shocked that the premium payable was Rs. 16,242/- instead of Rs. 10,000. Due to heavy outgo of premium from provident fund account, he was debarred from withdrawing any amount. Therefore, he wrote to the Branch Manager, B.O. Chandigarh-II for cancellation of policy on 04.01.05, 15.01.05 and 13.04.05. He was informed vide letter dated 06.01.2005 that the policy could have been cancelled within "free look" period of 15 days after receipt of policy bond and as the policy has been assigned in favour of APFC, the same would be cancelled only after it is reassigned in his favour. He was, however, informed that premium paid by him would not be refunded. He further stated that he had taken up the matter with the APFC through his employer for re-assignment of policy and he was informed that he will have to deposit premium amount together with interest before his request for re-assignment could be considered. Later he was informed by B.O. Chandigarh-II vide letter dated 25.04.05 that the policy can be surrendered after premiums for three years have been paid. However, it was reiterated that premiums already paid would not be refunded.

Findings : During the course of hearing on 05.06.2006, the complainant stated that an agent visited the Bank office in September 2004 and persuaded the employees to go in for the policy. He stated that he had categorically told the agent to give him a policy with premium liability of upto Rs. 10,000/- and he had also written Rs. 10,000/- in pencil on the proposal form. He admitted that he signed the blank proposal form. When he received FPR in December 2004, it showed yearly premium outgo of Rs. 16,242/-. He immediately filed a representation with LIC authorities for cancellation of policy as terms and conditions were not in conformity with those explained to him by the agent. In response, he was informed by LIC authorities that the policy can be cancelled, subject to submission of original policy bond. Since the policy was assigned in favour of APFC and original policy bond was lying with them, he requested LIC authorities to cancel the policy and refund premium amount directly to APFC as the policy bond was with them. Later he was informed by LIC authorities that though the policy would be cancelled, but no refund will be made. He raised the following issues:

i) He applied for cancellation of policy immediately on receipt of FPR

ii) He was shocked to hear later that the amount of premium would not be refunded, though earlier he was advised to get the policy reassigned to get the refund.

iii) By continuing the policy in the present form, he would be permanently debarred from withdrawing principal amount from his PF account as the entire interest accrued will be utilized to finance the annual insurance premium. If he wanted to

withdraw money to meet any other contingency, he will not be able to do so. He stated that it was a mis-sale and purchase of policy has put him to lot of inconvenience. It was urged that either the sum assured be reduced so that premium outgo should be reduced to Rs, 10,000/- or the policy be cancelled.

The representative of insurer accepted the proposal of the complainant and agreed that sum assured would be reduced in such a manner that annual premium liability does not exceed Rs. 10,000/-. It was further agreed that excess premium paid for the period the policy has remained in force would be refunded to APFC for crediting the same to the account of complainant after deducting risk premium for the period the policy remained in force.

Decision : Held that as the insurer agreed to the proposal put forth by the complainant to reduce sum assured to the extent that the revised annual premium payable does not exceed Rs.10,000/-subject to the condition that the excess premium paid for the period the policy remained in force be refunded to APFC for crediting the same to his account after deducting the risk premium for the period the policy remained in force. No further inference was called for.

Chandigarh Ombudsman Centre
Case No. LIC/255/Chandigarh/Chd-II/22/06
Parvesh Kumar
Vs
Life Insurance Corporation of India

Award dated 07.06.2006

Facts : Parvesh Kumar happens to be an employee of Central Co-operative Bank, Hoshiarpur. Brief facts of the case are that he purchased a policy bearing no. 162521632 with DOC 28.07.03 from Unit-II, Chandigarh. The policy was assigned to Central Board of Trustees, Employee's Provident Fund, as premium was payable out of his EPF account. He contends that the agent got blank proposal papers signed without informing him about the pros and cons of the policy. A sum of Rs. 7049/- was deducted out of his EPF account towards payment of first premium instalment, while his annual contribution was Rs.8742/- only. He felt cheated, as the premium instalment was too high. Therefore he filed a complaint against LIC & EPF, Jalandhar before the District Consumer Redressal Forum, Hoshiarpur. He was given partial relief by directive of APFC, Jalandhar not to deduct future premium from his EPF account. For getting the amount of premium already paid refunded, he was advised to approach this office, as in number of identical cases decision was taken vide order dated 31st March 2005.

Findings : During the hearing, the complainant stated that an LIC agent visited their Branch Office and persuaded a large number of employees to go in for the said policy. They were given to understand that policy would be beneficial as premium shall be deducted directly out of EPF account and the amount so deducted shall not affect their contribution as it shall be funded out of contribution made by the employer. On receipt of the FPR, he came to know that Rs. 7049/- had been deducted out of EPF account. His grievance was that such a heavy deduction of annual premium would result in nominal accrual in his EPF account, which he badly needs for meeting other contingencies and discharging social obligations. Besides, the terms and conditions of the policy were not explained to him. Further, he was told that the policy will be sent to

him, whereas it was directly pledged with APFC. Immediately after receiving the FPR, he applied to the Manager, LIC, Jalandhar on 17.10.2003 for deleting his name from the scheme and a copy was endorsed to APFC, Jalandhar with a request not to allow any deduction from his PF account. When nothing was heard, he wrote to LIC, B.O.-Unit II, Chandigarh on 11.07.2004 for cancellation of policy and refund of premium. He was informed vide letter dt.26.02.2005 that as the policy was assigned in favour of Central Board of Trustee, EPF, the premium could not be refunded at this belated stage. However the policy could be surrendered only after it has run for three years. He was advised by the office of APF Commissioner, Jalandhar to deposit premium amount together with interest for getting the policy reassigned in his favour. Feeling aggrieved, he filed a complaint before the District Consumer Redressal Forum, Hoshiarpur, and as directed, sought intervention of this office in getting refund of premium. He argued that he no longer wished to continue the policy because he could not afford to pay such heavy amount towards premium and it was contrary to what was explained to him.

During the hearing it was revealed that the complainant had not paid the installment premium deducted from his PF account with interest to APFC, Jalandhar, as was required for considering re-assignment of policy in his name. He was advised to do so and get the policy re-assigned in his name and thereafter, apply for cancellation of policy.

Insurer handed over the letter dated 04.02.2006 containing comments during the hearing wherein it was stated that in some other RPFC cases, the Hon'ble Supreme Court has stayed the operation of my Order dated 31.03.2005. It was contended that as the complaint was of similar nature, the stand of the Corporation was the same as in the cases decided earlier.

In the scheme of things, as per IRDA Regulations, , every policyholder has a right to get the policy cancelled and premium refunded within a period of 15 days of receipt of policy bond if terms and conditions are not acceptable to him. This case is, however, of a peculiar nature, in-as-much-as, the policy was assigned in favour of APFC by short-circuiting the normal procedure and getting a blanket approval for assigning the policy in favour of APFC. But at no stage did the LIC authorities think it appropriate to inform the policyholder that he will have a right to get the policy cancelled within a period of 15 days of receipt of policy bond. The policy was assigned in favour of APFC for the simple reasons that premiums were to be financed out of PF account. Therefore, a copy of policy bond should have been sent along with forwarding letter to the complainant so that he could have known the terms and conditions. The complainant was given no opportunity at any stage for availing the option of getting the policy cancelled as required under IRDA regulations. The LIC authorities cannot take the plea that 15 days time is over and that this being an assigned policy, the policyholder has lost right of getting it cancelled.

Decision : Held that after considering the totality of the circumstances and the fact that Consumer Forum had directed discontinuation of premium in future, ends of justice will be met if the premium is refunded to the complainant after deducting initial expenses and the risk premium for the period the policy remained in force.

Chandigarh Ombudsman Centre

Case No. LIC/71/Karnal /Kurukshetra/24/07
Atul Kumar Verma
Vs
Life Insurance Corporation of India

Award dated 19.06.2006

Facts : Brief facts of the case are that Atul Kumar Verma had taken a money back policy bearing no. 172398458 from Branch Office, Kurukshetra for sum assured of Rs. 60,000/- with DOC 05.12.2000. Payment of SB instalment of Rs. 12,000/- was due on 05.12.05, but he did not receive it. He contacted B.O. number of times, but he was informed that since they were all busy in March closing, cheque would be sent shortly. He stated that he is a government employee serving at Patiala and every time he has to take leave to follow up for release of SB payment.

Findings : Insurer informed vide letter dated 03.06.06 that the B.O. had prepared the SB cheque dated 05.12.2005, but it could not be despatched because the case file was missing. Subsequently, a fresh cheque was prepared in lieu of stale cheque and it was despatched through courier on 25.05.2006.

Decision : Held that the SB payment was delayed for more than five months which amounts to deficiency in service. Ordered that interest @ 7% be paid for the period of delay, if not paid earlier.

Chandigarh Ombudsman Centre
Case No. LIC/78/Amritsar/Abohar/22/07
Pawan Kumar Garg
Vs
Life Insurance Corporation of India

Award dated 31.07.2006

Facts : Pawan Kumar Garg had taken three policies bearing nos. 470904487, 470905708 and 471175893 for varying sum assured. He deposited cheques drawn on Punjab Gramin Bank towards payment of premium instalments on 08.02.2006. These cheques were to be presented to Centurian Bank of Punjab, B.O. Abohar for realization. Officials at Centurian Bank of Punjab Limited, Abohar forwarded the cheques on 20.03.2006 even though the covering letter was dated 23.02.2006. The Branch Office of Centurain Bank at Abohar was responsible for delay in realization of cheques due to delay in forwarding the same for collection. When he visited the LIC B.O. again, he was informed that the cheques drawn on Punjab Gramin Bank would not be accepted as these are not realized in time. He contended that Gramin Bank could not be blamed as the amount was credited without delay.

Findings : The Sr. Divisional Manager, Amritsar to whom the complaint was referred informed through Manager (CRM) vide letter dated 13.07.06 that the branch officials did not refuse to accept premium through cheques drawn on Punjab Gramin Bank and even subsequently cheques drawn on this bank were accepted. It was stated that the complaint was frivolous and false

Decision : Held that the complainant might have felt upset because he was informed that realization of cheques drawn on Punjab Gramin Bank takes unduly long time. Since LIC authorities were accepting cheques drawn on Punjab Gramin Bank as confirmed by Manager(CRM), the complaint was dismissed.

Chandigarh Ombudsman Centre

Case No.LIC/62/Karnal /Jind/22/07
Vijay Kumar Jain
Vs
Life Insurance Corporation of India

Award dated 26.07.2006

Facts : Vijay Kumar Jain had taken a policy bearing no. 023869526 under Children Anticipated Plan from Branch Office, Jind for sum assured of Rs. 30,000/- with 28.03.1979 as DOC. His grievance is that while he proposed for a policy for Rs.60,000/-he was issued policy for sum assured of Rs. 30,000/-. However, premium was charged at a higher rate throughout the policy duration. The policy was due for maturity in March 2007. He, therefore, urged that the excess premium paid for the period the policy remained in force be refunded.

Findings : Marketing Manager informed that the policy was transferred from B.O. Narwana to B.O. Jind. The policy bag was not found either in B.O. Narwana or in B.O. Jind and the original policy bond was also lost by the complainant. As per record, premium @ Rs. 1871.50 p.a. was being charged since the inception of policy. The policy master was created at the time of front-end operations on the basis of available record. After receipt of request of the complainant on 02.12.2004 to increase sum assured from Rs. 30,000/- to Rs. 50,000/-, the competent authority sanctioned refund of excess premium charged and cheque for Rs. 19,675/- was sent to LA. The LA returned the cheque and insisted that sum assured be raised. Besides, he applied for issue of duplicate policy bond with the enhanced sum assured.

The matter was put up to the Standing Committee which recommended raising the sum assured from Rs. 30,000 to Rs. 60,000/-. Accordingly, the sum assured was increased and a duplicate policy bond was issued to the policyholder with the revised sum assured. The policyholder complained to this office for refund of Rs. 125/- per year, charged in excess towards premium alongwith interest. His request was considered by the Competent Authority and it was found that the tabular premium of Rs. 30.55 per thousand sum assured was taken as per current rate, while as per C.O. circular dated 30.12.1978, actual tabular premium was Rs. 37.80 per thousand sum assured at the time of granting insurance. Therefore, the earlier revision in sum assured from Rs. 30,000 to Rs. 60,000/- was not in order and the sum assured as per premium charged worked out to Rs. 50,000/- only. The Competent Authority allowed reduction in sum assured from Rs. 60,000 to Rs. 50,000/- with annual premium of Rs. 1890/-. As the premium actually charged was Rs. 1871.50, an X-charge was created for the difference in premium recoverable at the time of maturity. It was further stated that B.O. Jind was instructed to make necessary correction in the record as well as in the policy bond and the policyholder was also informed about these changes in the policy.

Decision : Held that bungling at the initial stage resulted in unwarranted harassment to the complainant. The policy was initially issued for sum assured of Rs. 30,000/- instead of Rs. 50,000/- and premium was charged in excess. The error was again compounded by raising the sum assured to Rs. 60,000/-. Had due care been taken, the problem would not have arisen. As the insurer rectified the mistake, the case was closed.

Chandigarh Ombudsman Centre

Case No. LIC/99/Jalandhar/PS Deptt./24/07
Gurpreet Singh
Vs
Life Insurance Corporation of India

Award dated 24.07.2006

Facts : Gurpreet Singh deposited a sum of Rs. 1,00,000/- under Future Plus Plan against which a policy bearing no. 132192934 was issued to him. In view of some financial constraints, he wished to discontinue the policy. He completed the formalities for cancellation of policy and deposited the papers on 02.05.2006 with the Policy Servicing Department of Divisional Office, Jalandhar. He stated that he was allocated 7997 units @ Rs. 14.60 per unit on 13.06.2006 and not on the date he applied for cancellation of policy. The amount payable worked out to Rs. 1,16,756/-, but he was paid Rs. 95,000/- by LIC authorities.

He filed a representation on 12.06.2006 reiterating that he should have been paid as per the rate prevalent on 02.05.2006, the date on which he deposited the papers for cancellation of policy. He further stated that he suffered a loss of Rs. 21,000/- due to difference in NAV. He demanded that the balance amount together with interest should be paid to him. He further submitted that as he has been put to harassment, he should be compensated. In all he demanded payment of Rs. 30,000/-.

Findings : The insurer informed on 13.06.2006 that papers for cancellation of policy were received in the last week of May 2006 and cheque for surrender value was prepared on 13.06.2006 and despatched the same day by registered post.

During the course of hearing held on 24.07.2006, the complainant stated that he sought cancellation of policy because of some personal circumstances. He had applied for cancellation on 02.05.2006. He was paid surrender value as per rate prevalent on 13.06.2006. He stated that in the process he suffered loss of Rs. 21000/-. After he filed a complaint in this office, he was paid additional amount of Rs. 6736/- as per NAV on 31.05.2006. He reiterated that he gave application to N.S. Nigha, Development Officer, alongwith discharge form dated 02.05.2006. Therefore, he should have been paid as per NAV prevalent on 02.05.2006.

Satya Badhan, the representative of insurer stated that application purported to have been given to N.S. Nigha was received on 31.05.06. However, it was admitted that while calculating surrender value, NAV was taken as on 13.06.06, because of some technical fault in the computer. After receipt of complaint, the matter was re-looked and as the application was received on 31.05.2006, surrender value was calculated afresh and balance amount of Rs. 6736/- was paid to the complainant. The complainant reiterated that the application for cancellation of policy dated 02.05.2006 was deposited by the Development Officer the same day with the Divisional Office. Therefore, he should have been paid surrender value as per NAV on 02.05.06. The representative of insurer produced the discharge form dated 02.05.2006 which was received in the D.O. on 31.05.2006. She stated that if the discharge form was kept by the Development Officer, the liability cannot be owned by the Divisional Office.

Decision : Held that prima facie, it appeared that the Development Officer kept the discharge form dated 02.05.2006 with himself and deposited in the Divisional Office on 31.05.2006 knowing fully well that there are variations in NAV on daily basis. Since the Development Officer is an employee of LIC, he ought not to have acted in such an irresponsible manner. It was, therefore, ordered that investigation be carried out accordingly. If it was established that the Development Officer kept the application with

himself, the modalities of payment of balance amount to the complainant or its recovery from the Development Officer be worked out under intimation to this office within a period of three weeks.

Chandigarh Ombudsman Centre
Case No. LIC/434/Jalandhar/Faridkot/22/06
Vinod Kumar
Vs
Life Insurance Corporation of India

Order dated 24.07.2006

Facts : Vinod Kumar deposited Rs. 15000/- towards payment of single premium in the Branch Office Faridkot for Future Plus Policy on 23.02.2006, but Rajesh Kumar, the Development Officer, on his own changed the mode of premium payment to annual. The policy bearing no. 132077544 was issued to him. He felt that his proposal form was not perused carefully as in the form, against the column relating to mode of payment it was clearly mentioned as single premium. This was tampered with and changed to YLY. Besides, the proposal form was not signed by the agent. He represented to the Branch Manager, but no action was taken. He applied for refund of the premium on 04.03.2006. He stated that it was mentioned in the policy bond that if he was not satisfied, he could ask for cancellation of policy during "cooling off period" of 15 days, but no attention was paid by the branch officials to his request for cancellation within the "cooling off" period. His application for refund was returned alongwith FPR. When he informed the B.M. that he would file a complaint, he was told to do whatever he wished to do.

Findings : Sr. Divisional Manager, Jalandhar to whom the complaint was forwarded informed vide letter dated 12.06.2006 that the complainant has been asked to return the policy bond for cancellation, but he is not parting with it. It was further stated that the complainant has already availed of income tax rebate against the premium deposited by him. It was indicated that as soon as the policy bond was received, the premium would be refunded.

During hearing on 24.07.2006, the complainant stated that he had categorically mentioned the mode of premium payment in the proposal form as single premium, but the policy was issued with annual mode of payment of premium. He stated it was a sheer negligence on the part of insurer. He has been running around the B.O. to get it corrected, but no action was taken. As he was harassed by the branch officials, he had no option but to file a complaint in this Forum. The representative of insurer pointed out that he has the option of getting another policy. The complainant stated that this proposition was not acceptable to him. He further stated that he would rather retain the policy with the mode of premium changed to single premium.

Decision : Held that there was deficiency in service on the part of insurer, in as much as, the policy was not in accordance with the proposal form. The misgiving in the mind of complainant could have been removed, had the insurer been more sympathetic and owned up the mistake. The representative of insurer agreed to change the mode of payment to single premium as desired by the complainant. Accordingly, the complainant was advised to hand over the original policy bond to insurer for necessary correction. The representative of insurer was directed to have the policy issued with necessary modification and the modified policy will take effect from the date it was

issued originally. Sr. Divisional Manager was directed to fix responsibility for gross negligence resulting in unwarranted harassment to the policyholder.

Chandigarh Ombudsman Centre
Case No.. LIC/128/Karnal /Jind/24/07
Sh. Jasbir Singh Nain
Vs
Life Insurance Corporation of India

Award dated 21.07.2006

Facts : Jasbir Singh had taken a money back policy bearing no. 173034741 from Branch Office Narwana on 28.05.2002 which was later got transferred to Branch Office Jind. Payment of SB amounting to Rs. 25000/- was due on 28.05.2006. As he did not receive the cheque, he approached B.O. Jind. He was informed that the policy bag was not traceable and was asked to complete certain formalities which were duly complied with. Later, he was informed that the matter was referred to Regional Office, Karnal which advised B.O. Jind to make enquiry regarding policy bag from BO Narwana. When he personally enquired about it from B.O. Narwana, he was informed that the policy has since been transferred to B.O. Jind. He felt that the approach of LIC authorities towards customers was insensitive and casual. He urged that guilty must be traced and punished. He also demanded penal interest for the period of delay in payment.

Findings : Sr. Divisional Manager to whom the complaint was forwarded informed through Manager(PS/CRM) that the policy was transferred from B.O. Narwana to B.O. Jind and SB payment was due on 28.05.2006. As the case file was missing at B.O. Jind, the policyholder was requested to furnish original policy bond and discharge form. After receipt of requisite documents, the case was forwarded to Divisional Office Karnal for approval of SB payment without case file. The B.O. Jind corresponded and also followed up on telephone with B.O. Narwana about the case file. In the meantime, case file was traced in B.O. Jind and cheque for SB payment was released on 28.06.06 and handed over to the complainant on 03.07.2006. It was stated that penal interest has also been paid on 14.07.2006.

Decision : Held that it was a case of serious deficiency in service on the part of insurer, which caused harassment to the complainant. The complainant was made to run around various offices viz. B.O. Jind, B.O. Narwana and D.O. Karnal for getting the SB payment released which only showed malfunctioning of B.O. Jind. Insurer was advised to have the matter looked into for appropriate action against those responsible for besmirching the image of the Corporation.

Chandigarh Ombudsman Centre
Case No. HDFC/64/Mumbai/Ludhiana/22/07
A.K. Bhuchar
Vs
HDFC Standard Life Insurance Co. Ltd.

Award dated 14.07.2006

Facts : A.K. Bhuchar took a policy for sum assured of Rs. 7.5 lakh and paid annual premium of Rs.1.50 lakh. He was given to understand that renewal premium for the 2nd and 3rd year would range between Rs. 10,000/- to Rs. 25,000/- as per his paying capacity. Thereafter, he will not be required to pay any premium and the sum assured will remain the same. He visited the office of insurer at Ludhiana to deposit renewal

premium but despite repeated requests he did not receive any response. Further, while the initial premium payment was deposited by him on 22.1.05, the policy was made effective from 04.03.2005. He received the policy bond on 15.03.2005. He informed Ms Anuradha Mahan, the Financial Consultant within “free look period” that he would like to have the policy cancelled. However, she advised him not to cancel the policy and assured him that he would be compensated for the difference in NAV as on 22.01.2005 and 04.03.2005. On her verbal assurance he did not get the policy cancelled. But, despite reminders and requests made to the Grievance Cell of the insurer, there was no response. Finally, he was informed that his policy had lapsed. He urged intervention with the direction to HDFC Standard Life to accept premium and pay compensation as per commitment made by the Resident Manager, HDFC Standard Life, Ludhiana.

Findings : Manager – Legal to whom the complaint was forwarded informed vide letter dated 16.05.2006 that nature of complaint is such that truth regarding allegation levelled against financial consultant cannot be ascertained unless evidence is recorded and investigation conducted. As regards facts of the case, it was contended that the complainant is a learned person and a professional who on his own accepted the policy involving annual premium payment of Rs. 1.5 lakh. He should not have trusted the Financial Consultant, when policy document was in his hand which showed the annual premium of Rs. 1.5 lakh. The verbal assurance given by the Financial Consultant is of no consequence and any knowledge thereof was denied. It was further stated that the representation was received first time on 14.03.2006, in which the complainant raised the alleged grievance of non acceptance of part premium and also cash compensation. It was stated that the complainant has filed the complaint with unclean hands. It was, therefore, urged that the complaint be filed.

During the hearing on 28.06.2006, the complainant stated that he had informed the Resident Manager, Anuradha Mahan that he could spare maximum of Rs. 2 lakh for investment during three years. She, however, advised him to make investment of Rs 1.5 lakh as annual premium. He was informed that in the next year he would have the option of paying reduced premium, as he wished and partial withdrawal of premium would be permissible. He admitted that in the policy document received by him the conditions were different. There was a clause for withdrawal, but there was no clause regarding reduced premium. However, Resident Manager convinced him that he should make withdrawal from the premium already deposited and pay Rs. 1.5 lakh towards premium for the second year. He sought clarification from the insurer, but there was no response. In the meantime, policy lapsed due to non-payment of renewal premium. He stated that the blank cheque was deposited with the B.O., but application for withdrawal was not given to him. The complainant also stated that he deposited the premium on 22.01.2005, but the doctor was notified on 14.02.2005 and letter was received by him on 19.02.2005. There was delay of almost 45 days in accepting the proposal and the policy became effective on 04.03.2005. He urged that so much time ought not have been taken. The insurer utilized his money and made the policy effective post facto. At the most, it should have taken a week or so.

The representative of insurer stated that company was willing to reinstate the policy without revival charges and admitted that there seems to be some communication gap. The complainant was not aware of what was the accrual in the policy i.e., how much was the fund value as on date, and how much premium he has to pay. The representative of insurer undertook to explain these details to him after ascertaining facts from Ludhiana Office. It was clarified to him that as the policy has lapsed, it had acquired fund value. On reinstatement, units would be purchased afresh as per market

value. The representative of insurer was advised to explain to the complainant the possible loss or any gain in the process.

Decision : Held that the insured was unclear about the features of the policy and there had been communication gap. He was taken in by the assurance of the Resident Manager, notwithstanding the fact that conditions in the policy document were somewhat different. In any case, now that the representative of the insurer has undertaken to explain implications to him and also revive the policy by waiving the revival charges, the case was ordered to be closed.

Chandigarh Ombudsman Centre
Case No. SBI Life /49/Mumbai/Chandigarh/24/07
Kamla Pareek
Vs
SBI Life Insurance Co. Ltd.

Award dated 12.07.2006

Facts : Kamla Pareek deposited Rs. 9543/- for purchase of money back policy on 01.10.2005. The policy was not issued, rather the amount was refunded and a DD dated 03.03.2006 was given to her by Ms Varuna Sakhuja on 26.04.2006. She complained that DD was kept by the agent for reasons best known to her. She represented to the insurer that DD should have been sent at her address, instead of giving the same to the agent. As the policy for sum assured of Rs. two lakh was not issued, nor the amount refunded, she wondered who would have owned responsibility in the event of any loss. She demanded compensation for loss of interest for seven months @ 18%, for the period the amount was kept by SBI Life. She sought relief to the extent of Rs. 1500/- and cancellation of agency licence of Ms. Varuna Sakhuja for her misconduct.

Findings : The Company Secretary & Compliance Officer to whom the complaint was forwarded informed that as the proponent was born on 10.07.1950, she was more than 55 years old. As per conditions for money back policy (option 2), maximum age at entry is 55 years. Her application for option 2 could not be considered as she was overage and ineligible. However, she was advised vide letter dated 27.11.2005 to opt for money back plan (option-I), where maximum age at entry was 60 years. This was followed by a reminder on 20.1.2006. Since complainant did not give consent for change, the proposal deposit was refunded on 8.3.06. It was urged that the complaint be dismissed.

During the course of hearing held on 28.06.2006, the representative of insurer stated that the complainant was asked to exercise option for plan for which she was eligible. She was sent reminder on 20.1.06. As there was no response, it was decided to refund the premium deposited by her and, accordingly, a demand draft was sent to the agent Ms. Varuna Sakhuja. He admitted that it was a lapse on the part of agent to have kept the demand draft for quite a long time. Ordinarily, the amount is directly refunded to the proposer.

Decision : Held that the insurer was not responsible for delay until the date of refund of premium as there was no response from the complainant to the revised offer. In case, she was not interested in the second option, she should have informed the insurer and the premium amount would have been refunded to her earlier. After a long wait and reminders, the premium amount was refunded by the insurer. It was

unfortunate that it was sent to the agent who kept it with her for about two months. Therefore, it was ordered that for the period from 08.03.2006 to 24.04.2006, she be paid interest @ 8% to compensate her for the loss due to negligence on the part of the agent. It was further ordered that insurer should see if any action was warranted against the agent.

Chandigarh Ombudsman Centre
Case No. LIC/105/Chandigarh/BO-II/24/07
Gurdial Singh
Vs
Life Insurance Corporation of India

Award dated 11.07.2006

Facts : Gurdial Singh had taken a money back policy bearing no. 160623972 from Branch Office-II, Chandigarh for sum assured of Rs. 30,000/- with DOC 28.03.1993. The SB payment of Rs. 6,000/- due on 31.03.2003 was received late on 26.04.2006. When he took up the matter with the Branch Manager, he learnt that payment could not be made due to incomplete address. His grievance was that during his several visits to the B.O., he was assured that interest for delay in payment of SB would be paid, but the same was denied vide letter dated 24.05.2006 on the ground that postal authorities returned the cheque with the remarks "incomplete address". Therefore, LIC authorities were not at fault for delayed payment. Feeling aggrieved, he sought intervention for payment of penal interest. He stated that branch officials are to be blamed for sending cheque at incomplete address and also being insensitive to the customer. They made him believe that he would be duly compensated for delay in SB payment. Besides, interest for delayed payment, he also sought compensation for unnecessary harassment caused to him. He further stated that he was dissatisfied with the service rendered by LIC and regretted having taken four policies which also have the same address.

Findings : Sr. Divisional Manager to whom the complaint was referred informed through Manager(Claims) vide letter dated 22.06.2006 that LA's address as per proposal papers is C/o United Bank of India, S.C.O. 32-33-34, Sector 17-C, Chandigarh. It was pointed out that first SB cheque due on 28.03.1998 was dispatched at SCO 32-33-34, Sector 17-C, Chandigarh. Branch Manager also confirmed vide letter dated 16.06.2006 that notices for renewal premium and premium receipts are sent at the same address. It was never brought to their notice that the address needs to be corrected. The cheque for the 2nd SB due on 28.03.2003 was dispatched through speed post at the above address, but the same was received back undelivered with the remarks "incomplete address". It was contended that LA never bothered to know about details of SB payment which is printed on the policy bond. The alleged assurance regarding payment of interest for period of delay was denied and it was stated that there is nothing on record. Only assurance given to him was that justice would be done after looking into the matter. It was contended that as LIC is not at fault for delay in SB payment, penal interest is not payable.

During hearing on 10.07.2006, the complainant stated that he received SB payment due in 2003 on 26.04.2006. As he has 3-4 other insurance policies, he came to know about the outstanding SB payment under the policy when he checked up the status of all the policies. He stated that cheque for the SB payment was sent at incomplete address. The address was different from what was given in the proposal form.

Therefore, the cheque was not received by him. The representative of insurer stated that cheque for SB payment was despatched in time to the complainant, but it was received back undelivered. He contended that earlier also SB payment and premium notices were sent at the same address which were not returned. There has been no delay on part of payment for release of SB payment as it was sent on due date. Therefore, demand for penal interest was not justified.

Decision : Held that the address at which cheque for SB payment was despatched was not the same as given in the proposal form. The LIC authorities have taken the stand that the amount was sent in time, but it was received back undelivered. It was also true that the complainant did not bother to check the position from the insurer, nor LIC authorities made any effort to ascertain the address as the cheque was received back. As a result, SB payment was not received by the complainant and he suffered loss by way of interest. It was ordered that the complainant be paid interest @ 5% for the period of delay within a period of fifteen days from the date of receipt of order, considering lapses on the part of both the insurer and the insured.

Chandigarh Ombudsman Centre
Case No. Bajaj Allianz/154/Pune/Ludhiana/22/07
Anita Malik
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award dated 31.08.2006

Facts : Anita Malik purchased Unit Gain policy bearing no. 0011764815 & Family Gain policy bearing nos. 0015642963, 0016788394, 0016710525. At the time of purchase of the policy she was given to understand that she could deposit and withdraw the top-up amount anytime. Accordingly, she withdrew Rs.57000/- on 09.03.06 from her Unit Gain policy. But subsequent withdrawal of top-up amount was denied. She stated that this was a case of cheating as it is nowhere mentioned in the policy nor in the brochure that top-up amount cannot be withdrawn, specially in Unit Gain, Family Gain and Unit Gain Plus policies. Only in the case of Unit Gain Super, withdrawal of top up amount has not been allowed. Feeling aggrieved, she sought intervention of this office.

Findings : On behalf of the complainant, her husband stated that his wife had taken a Unit Gain policy bearing no. 0011764815 and three Family Gain Policies. She was given to understand that the deposit made as top up amount could be withdrawn. She exercised the option on 09.03.2006. She wished to exercise the option again, but it was not allowed. He admitted that while there is no explicit provision in the policy regarding withdrawal from top up amount, but only in the case of Unit Gain Super policy this facility has been disallowed.

The representative of insurer stated that the top up withdrawal cannot be allowed. Since IRDA guidelines provide for minimum three year lock-in-period. It was urged on behalf of the complainant that change in guidelines cannot be made effective retrospectively.

Sanjay Kumar, Sr. Branch Manager informed vide letter dated 25.08.2006 that due to erroneous interpretation of the terms of the policy, the company did allow some customers in the past to withdraw the top up amount. However, the appointed actuary advised against such withdrawals. Since the product has no clause permitting withdrawals, the company has not violated any condition. The complainant, therefore,

had no locus standi to seek refund as per terms and conditions of the policy. It was urged that the complaint be dismissed.

Decision : Held that withdrawal of top up amount was not permissible as per terms and conditions of the policy. The mistake was detected later and on the advice of actuary the practice was discontinued. Therefore, the complainant cannot nurse any grievance about it. The complaint was, accordingly, dismissed.

Chandigarh Ombudsman Centre
Case No. LIC/25/Jalandhar/Mukatsar/22/07
Sukhminder Singh
Vs
Life Insurance Corporation of India

Award dated 24.07.2006

Facts : Sukhminder Singh, after retirement, was looking for suitable avenues for investing his retiral benefits with an assured tax-free return of 9% p.a. Jagdeep Kumar Sharma, Branch Manager, Mukatsar and Rakesh Dhingra, agent strongly recommended Jeevan Akshay-III plan. He was given to understand that investment would yield him a tax free return of 9% per annum, payable monthly. Accordingly, he purchased two policies one for rupees ten lac for self and another for rupees five lac for his wife bearing nos. 13147918 and 13147917 respectively. On receipt of monthly pension cheques, he was shocked to learn that the rate of return was hardly 5% p.a. He immediately contacted the Branch Manager and the agent. The Branch Manager advised him to surrender the policies on medical ground and on the plea of his being over-age. The case was, accordingly, recommended to higher authorities at Zonal Office. But after five months he came to know that his request had been turned down. Feeling aggrieved, he sought intervention of this office in getting the entire money refunded and urged action against Branch Manager and the agent. A copy of affidavit submitted by Rakesh Dhingra, agent was enclosed stating that it was the Branch Manager who had persuaded him to purchase these policies.

Findings : Sr. Divisional Manager, Jalandhar informed vide letter dated 02.05.06 that the complainant and his wife had purchased policies under Jeevan Akshay-III plan. The Branch Manager, Development Officer and the agent apprised him of the features and the expected rate of return under the plan. The Branch Manager, Mukatsar, informed that the complainant and his wife were convinced to purchase the plan with option-I which gives a return of 8% p.a. approximately. As per IRDA instructions, the policyholder had the option of abandoning the contract within “cooling-off “ period of 15 days if terms and conditions were not acceptable to him. Request for cancellation of policy was not received within this period. As a special case, the matter was referred to the Central Office for surrendering the policies, but request of the policyholder was not acceded to by the Central Office.

During hearing, the complainant stated that he got Rs. 15.00 lac as retiral benefits. The agent took him to Branch Mananger who assured him that he would suggest a policy which would give him tax-free yield of 9%. He opted for the same and applied for two policies. When he received the policy bonds together with cheques, he was shocked to discover that the rate of return was much lower than what was assured to him. The Branch Manager advised him to surrender the policies.

In a subsequent hearing on 24.07.2006, the complainant stated that he was never informed about the provision for cancellation during “cooling off” period, as information

to this effect was not received alongwith the policy bonds. He learnt about it during the last hearing. The policy bonds did not provide details regarding amount of annuities payable. On receipt of policy bonds in the first week of August, he immediately approached the Branch Manager for cancellation of the policies. He admitted that seven annuity cheques were got encashed under both the policies, but these were received before receipt of policy bonds. He got the same encashed after cancellation of policies was refused. He urged that he was misguided by the Branch Manager and it was a case of mis-sale. Therefore, he urged that the policies should be cancelled and the amount refunded to him.

It was admitted that policy bonds were given to the development officer by hand for onward delivery to the policyholder on 31.07.2006, which were received by the complainant after six months. It was also admitted that there was nothing on record to establish that the policyholder was informed about “cooling off” period and also some columns in the policy bonds were blank. Though, the policyholder requested for cancellation of policy, but he did not submit the original policy bonds and these were still lying with him.

Chandigarh Ombudsman Centre
Case No. LIC/189/Amritsar/Batala-II/25/07
Smt. Maninder Kaur
Vs
Life Insurance Corporation of India

Award dated 15.09.2006

Facts : Maninder Kaur had taken a policy bearing no. 471325901 for her minor daughter for sum assured of Rs. 50,000/- with DOC 22.11.2004 from Branch Office Batala-II. However, she did not receive the policy bond. She visited the B.O. personally and also filed a written complaint on 13.07.06, but the policy bond was not issued to her. She felt so harassed that she did not deposit the second premium instalment. Feeling aggrieved, she requested for arranging policy bond and urged that strict action be taken against concerned branch officials.

Findings : It was informed by Manager(CRM) vide letter dated 05.09.06 that the policy bond in favour of Suman Deep Kaur has been issued and despatched by registered post by B.O. on 04.09.06. However, no explanation was furnished by Manager (CRM) as to why the policy bond was not issued for almost two years. This was a case of serious deficiency in service which was not condonable. It was not realized that because of such a serious lapse, the complainant had to undergo unwarranted harassment.

Decision : Ordered that token compensation of Rs. 1000/- be paid to the complainant. Sr. Divisional Manager was advised to look into the reason for delay in issue of policy.

Chandigarh Ombudsman Centre

Case No. Bajaj Allianz/156/Pune/Ludhiana/22/07
Shri Ranjit Singh Talwandi
Vs
Bajaj Allianz Life Insurance Co. Ltd.

Award dated 20.09.2006

Facts : Ranjit Singh Talwandi had purchased two policies bearing nos. 0008572992 and 0011577046 for self and his son respectively. After a year, he came to know that premium was payable for three consecutive years, whereas at the time of making investment he was given to understand that the policies were single premium policies. He made further investigations and came to know that out of Rs. 1,00,000 paid by him, Rs. 30,000 only were invested. He stated that it was a clear case of cheating and fraud.

Findings : On referring the complaint to Ms Ruchi Nair, Grievance Redressal Officer, Anil Pandey, Assistant Manager (Operations) informed vide letter dated 29.08.2006 that allocation rates are mentioned in the sales literature as well as in the policy document. If the complainant was not satisfied with the rates as indicated, he could have come back within the "free look" period for cancellation of policy. As his request was received after the "free look" period, it was decided not to refund the money paid. It was clarified that the company was not liable to pay surrender value, as surrender penalty is 100% during the first year of policy. It was urged that the complaint be filed.

Hearing was held on 31.08.2006. The complainant did not turn up. The insurer was represented by Rakesh Datta, Regional Manager (Operations) and Anil Kumar Pandey, Assistant Manager (Operations). It was stated that policy documents had not been received from the corporate office. As clear picture would emerge after examining the proposal form, adjournment was sought upto 05.09.2006.

Subsequently Anil Kumar Pandey, Asstt. Manager (Ops.) sent a copy of the proposal form vide letter dated 5.9.06. It was stated that no modification had been made in the premium paying term. The proposer had on his own opted for payment of premium for three year term, and not for single premium as contended by him.

Decision : Held that the grievance of the complainant was that while he was given to understand that it was a single premium policy, but as per policy document he had to pay premium for three consecutive years. However this was in accordance with the proposal form filled up by him. The mode of payment given in the proposal form had not been changed. Also he did not apply for cancellation of policy during "free look period". It was found that there was no substance in the complaint and was, accordingly, dismissed.

Chandigarh Ombudsman Centre
Case No. LIC/174/Amritsar/Ferozepur/22/07
Santosh Rani
Vs
Life Insurance Corporation of India

Award dated 20.09.2006

Facts : Santosh Rani had taken a policy bearing no. 471151581 in the name of her son Vikram from BO Ferozepur. She did not receive premium receipt after 12/04, though she had paid premium upto 01/06. She claims to have paid the premium to Joginder

Narang, the agent. He had been giving receipts in the past. The complainant shifted from Jalalabad to Fazilka and continued paying premium to the same agent till January'06, but he did not give any receipt. She sought disciplinary action against the agent.

Findings : On referring the complaint to Sr. Divisional Manager, Jalandhar, Manager (CRM) informed vide letter dated 4.9.06 that an enquiry was made from BO Fazilka who informed that the services of agent, against whom the complaint was lodged, have been satisfactory. The complaint was termed as false. A copy of report of Branch Manager and the comments of agent were also enclosed.

Decision : Held that the complaint was not entertainable in this forum under Rule 4 (i) and (k) of the Redressal of Public Grievances Rules, 1998, as this office was mandated to hear complaints against insurer for the policies taken on personal lines. The complaint involves dispute between the agent and the policyholder. The agents are not authorized to collect the premium. By paying premium to agent in cash the policyholder has taken the risk for which LIC could not be held responsible. She should have been careful enough. The payment should have been made directly to LIC or through cheque. In any case, there was no jurisdiction to intervene in the matter. The case was, therefore, closed.

Chandigarh Ombudsman Centre
Case No. LIC/193/Karnal /Narnaul/25/07
Shri Sujit Kumar Sharma
Vs
Life Insurance Corporation of India

Order dated 12.09.2006

Facts : Sujit Kumar Sharma had taken a policy bearing no. 174156143 from Branch Office, Narnaul for sum assured of Rs. one lac with DOC 28.02.2006. His grievance was that he was not issued the policy bond despite having addressed three letters to the Branch Manager. Feeling aggrieved, he filed a complaint in this office, seeking intervention for getting the policy bond released to him.

Findings : Manager (CRM) informed vide letter dated 08.09.2006 that policy bond has been despatched by B.O. Narnaul on 08.09.2006. It was further pointed out that no complaint was filed earlier by the policyholder.

Decision : Facts of the case, however, revealed that it was a sorry state of affairs in B.O. Narnaul. Sr. D.M. needs to investigate when the FPR-cum-acceptance letter was issued in February 2006, why policy bond was issued in the month of September 2006 only after the intervention of this office. Branch Manager, Narnaul should be made accountable. It was left to the judgement of Sr. D.M. to take appropriate action to avoid recurrence of such lapses. The case was closed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.003.2087/2006-07
Smt. R.Sakitha
Vs.
Tata AIG Life Insurance Co. Ltd.

Award Dated :

Smt.R.Sakitha had taken a Health First Policy bearing no. C 300301946 for 2 units with hospitalisation benefit. The policy was dated 27.01.2005. She had undergone Laparoscopic Cholesystectomy with Peritoneal Lavage on 28.04.2005. The assured approached the insurer for the surgical benefit under the policy. But the claim was rejected on the ground that the policy does not cover any illness, the signs or symptoms of which first occurred prior to or within 90 days following the issue date or date of commencement of policy whichever is later and the said claim does not fall within the cover of the policy since the operation/surgical procedure performed is not a condition covered under the surgical benefit. She appealed against the repudiation decision of the insurer.

A hearing was conducted on 05.06.2006 and records submitted were examined. The complainant contended that she did not have any problem earlier and all these were because of her fall, which was sudden and unforeseen. She argued that the hospitalisation was after 90 days only. The insurer stated that the life assured had vomiting for 2 months as per the Discharge Summary. The policy was issued on 21.02.2005 and the hospitalisation was on 27.04.2005 and the same falls within the 90 days exclusion period.

It was proved beyond doubt that the life assured had symptoms of the disease she suffered from within the exclusion period of 90 days and the complainant is not eligible for any relief under the policy. Hence the decision of the insurer to deny the claim under the policy is held to be legally and factually sustainable and this forum upholds the same.

The complaint is dismissed.

Chennai Ombudsman Centre
Case No. IO(CHN)/21.003.2075/2006-07
Smt. B.Bhuvaneswari
Vs.
Tata AIG Life Insurance Co. Ltd.

Award Dated :

Smt.B.Bhuvaneswari had taken a Health First Policy bearing no. C 300503061 for 1 unit with hospitalisation benefit. The policy was dated 20.01.2005. She had undergone Coronary Artery Bypass Graft on 22.09.2005 at Sri Ramachandra Medical College Research Institute, Chennai for complaints of Severe Left Main Coronary Artery Disease with Proximal Lesion of Lad and Circumflex unstable Angina for which she preferred claim. The insurer had rejected and rescinded the policy on the ground that the assured was operated upon for umbilical hernia and removal of uterus with ovaries in December 2000 and had elevated blood sugar, urine sugar and cholesterol before applying for the above policy and she had not disclosed the same in her application. She appealed against the repudiation decision the insurer.

A hearing was conducted on 05.06.2006 and records submitted were examined. She admitted that in December 2000 she underwent Ventral Hernia repair and total Abdominal Hysterectomy in BRS Hospital, Chennai. She argued that she never had Diabetes and Cholesterol at that time. She said that there was no specific question in the application as to whether she had undergone any surgery and hence she did not disclose. It was detected that she was having Diabetes only 2 months before the by-pass surgery. The insurer stated that the life assured by not disclosing material

information denied them a fair chance of underwriting. The policy was not a pure life insurance and had she disclosed they would have subjected her to tests like Hba1c. When his attention was drawn to the Blood test reports after 2000 to 2005, he said that probably she was taking medicines to keep the blood sugar levels under control. When the Discharge Summary of the BRS Hospital of December 2000, where she underwent Hysterectomy was shown, the Insurer's representative who was also a Doctor said that the life assured had been prescribed tablet Deriphylin for respiratory problem and Amlogard for heart problem. He said that the Tablet Amlogard is never given preventive. The Ombudsman decided to refer the papers to a heart specialist for his opinion.

The papers pertaining to the case were referred to Dr.K.Chandrasekaran, Consultant Cardologist, Apollo Hospitals, Chennai and he had given his opinion. The life assured being educated, a postgraduate, working as a teacher was aware of the consequences of high sugar, raised cholesterol etc. as evidenced by the regular pathological tests she had undergone especially after her operation for Hernia and Uterus removal, before which her blood sugar and cholesterol were above normal. The fact, which was within her knowledge, should have been disclosed in the application for insurance. Hence the decision of the insurer to deny the claim under the policy is held to be legally and factually sustainable and this forum upholds the same.

The complaint is dismissed.

Delhi Ombudsman Centre
Case No. LI/Tata AIG /37/06
Smt.Mamta Singh
Vs.
Tata AIG Life Insurance Company Limited

Award dated 22.9.2006

The complaint was heard on 15th September,2006. The complainant, Smt.Mamta Singh was present accompanied by her husband Shri Ajai Pal Singh. The Insurance Company was represented by Dr.B.S.Powdwal, Senior Manager, Shri Sudip Bhattacharya, Senior Executive and Shri Hardwari Sarna, Trainee Executive.

Smt. Mamta Singh lodged a complaint with this Forum on 01.05.2006 that she had taken a Health policy from Tata AIG Life Insurance Company Limited, New Delhi, whom they say is India's first and only comprehensive daily Hospitalisation benefit policy that gives total coverage in case one is seriously ill and they claim that they would give a lump sum payment in case one is diagnosed with a critical illness. There are 12 critical illnesses. The complainant further states that she had a heart attack within their stipulated period and luckily she had all those criteria which were necessary to have the claim. She underwent the Angioplasty surgery and had spent Rs.2 lakhs from her pocket because this is a reimbursable policy. But she was very much surprised and demoralized when she saw that the claim was passed for only Rs.500/-. The Insurance Company befooled and deceived the general public by selling their policies in dark. She states that 90% blockages of main arteries of the heart do not fall within their coverage of the policy then why they are advertising India's first and only first comprehensive policy. She requested that her claim may be considered favourably.

Tata AIG Life Insurance Company Limited vide their letter dated 26th July,2006 informed that the claim has approved and paid for Rs.500/- under the Daily Hospitalisation Benefit, as per contractual obligations. The condition suffered by the

claimant is not a defined Critical Illness falling within coverage of the Health First Plan. Angioplasty is not a covered surgery under Surgical Benefit. Hence, these benefits were declined. Further they would like to reiterate that the Health First product is not a reimbursement plan as contended by the claimant.

At the time of hearing, Smt. Mamta Singh contested that she had taken Health First policy No.C101599122 from Tata AIG Life Insurance Company Limited and paid a premium of Rs.5753/-. She had been admitted in Metro Heart Institute on 19.02.2006 to 22.02.2006 for Unstable angina, underwent Coronary Angiography which revealed (Significant Single Vessel) Disease. Angioplasty was performed for which she has paid Rs.2 lakhs but she has been reimbursed only Rs.500/-. She claimed that the balance amount may be reimbursed to her. She further questioned to the representatives of the Insurance Company that if 90% blockages of main arteries of the heart do not fall within their coverage of the policy then what sort of claims does the Insurance Company pay. The representatives of the Insurance Company clarified that her husband, Shri Ajai Pal Singh who is also an agent of Tata AIG Life Insurance Company Limited was very well aware what conditions stipulated in the policy under critical illness where only 12 diseases were covered and in case of heart attack, three conditions mentioned in the policy are to be complied with and not just one of them which was the reason for their rejection of the claim and they have paid Rs.500/- as per the terms and conditions of the policy.

On hearing both the parties and on examination of the papers submitted, it is observed that the critical illness policy issued by Tata AIG Life Insurance Company Limited under the condition of the heart attack have mentioned that the following conditions:

- A history of typical chest pain,
- The occurrence of typical new acute infarction changes on the electrocardiograph progressing to the development of new pathological Q waves; and
- Elevation of Cardiac Troponin (T or I) to at least 3 times the upper limit of the normal reference range or an elevation in CK MB to at least 200% of the upper limit of the normal reference range.

On examination of the papers, it is observed that out of above three conditions, Condition No.1 – Complaint of chest pain radiating to left shoulder and arm associated with breathlessness is not complied with ECG-ST changes present – No Q waves were present Cardiac Enzymes – Not done as per the desired level mentioned in the policy. Therefore, the Insurance Company has rightly paid Rs.500/- being the Delhi Hospital Benefit for one day since first three days of confinement are excluded as per full hospital insurance reimbursement.

There is no further relief to be granted to the complainant.

The complaint is disposed of finally.

Guwahati Ombudsman Centre
Case No. 23/01/087/L/05-06/GHY (LIC).
Sri Animesh Chakraborty
Vs.
Life Insurance Corporation of India

Award dated 05.04.2006

(Notes : Unit Linked Pension Plan – Policy not issued on the date of receipt of premium – Insured to be compensated by payment of difference between NAV of date of issue and that of date of receipt of premium.)

Brief Facts leading to complaint : The insured deposited Rs.80,000/- on 28.03.2005 towards subscription of LIC's future plus policy, but the policy in question was, however, issued w.e.f. 12.08.2005 as a result of which he was allotted lesser number of units resulting in financial loss to him. His grievance is that since he deposited the money on 28.03.2005 the units should have been calculated on the NAV (Net Asset Value) of that date, i.e., 28.03.2005 and not on 12.08.05 as was done by LICI.

Opponent's Views : Manager (NB & ACTL) informed the insured/complainant that 'due to some accounting problem/anomalies in record came up for which cooling off action has to be taken' and units were allotted as per N.A.V. (Net Asset Value) of the particular date of completion in August, 2005 and the delay is regretted but there is no provision to allot unit of retrospective date in ULIP policies etc.

Issue Involved : Whether policy can be issued at will of LICI after receipt of money.

Decision & Reasons : There is no dispute about the quantum of sum deposited and the date of deposit. Undisputedly the deposit of sum being made on 28.03.05, the insured/complainant is entitled to get the units calculated at the N.A.V. on that date and not on later date as was done here. Thus, the insured suffered financial loss due to a change in the N.A.V. on 12.08.05 on which date the units were actually allotted. Since the allotment of units cannot be altered at this stage the insurer is liable to return/refund the difference of N.A.V. that took place during the period aforesaid.

Award/Order : It is hereby directed that the difference of amount should be paid/refunded by LICI to adjust the NAV dated. 28.03.05 as claimed by the insured.

Guwahati Ombudsman Centre
Case No. 24-01-071/L/05-06/GHY (LIC).
Sri Utpal Deka
Vs.
Life Insurance Corporation of India

Award dated 08.05.2006

(Notes : Non-availability of policy document after lapse of 5 years. LICI whether liable – held 'no'.)

Brief Facts leading to complaint : Briefly, insured/complainant states he lost his policy document and was refused maturity payment due on 14.02.2005. Hence aggrieved.

Opponent's views : LICI replied that as per policy ledger, "Surrender Value" had been paid on 10.12.96 working manually before Front End Application Program (FEAP) was introduced in the year 2000. The documents are usually destroyed after expiry of 5 years from the date of payment as per rules, hence no other paper is available.

Point for determination : Whether LICI can be made liable to pay without documents from insured – held- 'No'.

Decision & Reasons : Complainant has not produced any documents to show that policy was in force on continuation of payment of due premium till the date of maturity

(Last Premium). Copy of Status Report of the concern policy filed before us would show.

D.O.C.	-	14.02.1985
D.O.M.	-	14.02.2005
Last Due	-	08/2004
FUP	-	08/1993.

Therefore, the policy is likely to have lapsed if not surrendered after 08/1993. The insured has not been able to produce any document to justify the stand taken by him now after lapse of so many years. Therefore, the explanation given by LIC on non-availability of documents is having force under facts and circumstances of the case.

Order : I find nothing to interfere. Under all probabilities there is truth in the statement of LIC that "Surrender Value" had been paid in 1996 but during the transitional period of converting records from manual into computerized one, some mistakes cropped up to give the fictional impression that the policy is still subsisting.

Hyderabad Ombudsman Centre
Sri U.R.Shanbagh
Vs
Life Insurance Corporation of India

Award dated 31.5.2006

Head notes : Complainant's contention was that monthly annuity under his pension policy was reduced unilaterally. Requested for restoration of annuity as per offer made on the face of the policy bond. Recalculation of annuity/pension amount ordered as it was found out that the complainant was given policy without life cover, while the insurer based their calculation on a policy with life cover.

Facts of the Case : Sri U.R.Shanbagh obtained a policy bearing no.632412021 from Karwar Branch of LIC, Dharwad Division under Table 122-8. As per terms of the policy, premiums were payable for eight years from its commencement date of 28-2-2007 and pension in the form of monthly payments will become payable from 1.3.2005. As per policy bond the installment premium payable was Rs.10013 per year and Notional cash option payable was Rs.131757. As per rules of the Insurer, the life assured was given an option to select the method of pension payment, just before commencement of pension on 1.3.2005. The life assured opted to receive pension under 'Option-F', whereunder pension is payable every month during lifetime of the LA, with a provision for payment of NCO on death. When the Insurer made the various options available on 7–8-2004, the LA raised an objection to the revised NCO quoted. The Corporation quoted a revised NCO of Rs.129786.00 as against the amount of Rs.131757.00 mentioned in the policy bond. Not satisfied with the explanation of LIC, the life assured approached this office for redressal of his grievance.

Award : The Insurer explained that there was a calculation mistake in arriving at the annual premium. Their contention was that instead of collecting premium at Rs.10163, they collected premium at a lesser rate of Rs.10013, which resulted in a revision of NCO. They pleaded that revised NCO of Rs.12986.00 is correct for the actual premium received by them. They also explained that calculation mistake in premium occurred as high premium rebate @0.5% was wrongly given on the first ten thousand of premium. However, during the course of personal hearing, it was revealed that the life assured

was given a policy bond without life cover, whereas as per LIC records, the policy was issued with life cover.

As policy bond is the ultimate evidence of contract and as the life assured also claims pension fixation based on policy without life cover, the Insurer was directed to revise pension.

Hyderabad Ombudsman Centre
Sri A. Manikyala Rao
Vs
Life Insurance Corporation of India

Award Dated :

Head Notes: Repudiation of Asha Deep Benefit- B . Life assured underwent open-heart surgery for valve replacement. Claim for benefit under the policy rejected by LIC. Complaint rejected on the grounds that valve replacement not covered under CABG

Brief Facts of the case : Sri A. Manikyala Rao from Dorasanipadu village, W.Godavari District of A. P. took policy bearing no. 801621066 for Rs.300, 000 under Asha Deep Plan (Table 121-25) with the commencement date of 15-5-1997.The policy was revived in 02/2005 under medical revival scheme of LIC. The LA underwent an open-heart surgery on 10.3.2005 for replacement of two valves. The operation was performed at Citi Cardiac Research Centre, Vijayawada. The LA's contention was that the operation performed on him was cardiopulmonary by-pass, which qualifies for Benefit-B described in the policy. The insurer's contention was that the LA underwent operation for replacement of two valves that were damaged due to childhood rheumatic fever. The medical record of the LA established that the LA had a history of joint pains at the age of 15 years. The LA had consulted CCRC, Vijayawada on 16.11.1988 and was on medical management later. When the LA suffered further complications on 17.2.2005, he was advised to undergo replacement of the damaged valves and hence the surgery.

Decision : The issue to be decided in this case was whether the operation performed comes within the meaning of diseases described under Benefit-B of policy terms and conditions. As per the policy conditions, only when the LA undergoes open-heart surgery on significantly narrowed/occluded coronary arteries to restore adequate blood supply to heart, benefit under the policy is allowed. Expert medical opinion obtained by the insurer from their DMR says that the operation does not come within the meaning of CABG. After a careful examination of the medical record and other submissions, it was decided to reject the complaint.

Hyderabad Ombudsman Centre
Sri K. V. Narappa
Vs
Tata AIG Life Insurance Co. Ltd.

Award Dated :

Head Notes: Rejection of critical illness benefit- Insurer's contention was that LA was a known diabetic for 7 years before issue of policy-complaint rejected

Facts of the Case : Sri K.V.Narappa, Dy. General Manager in Singareni Collieries Ltd, Kothagudem took a policy-bearing no. C-32012505 for Rs.200, 000 from TATA AIG Life Insurance Co. on 25-7-2002. The policy was taken under a plan named as 'Assure

15 years lifeline (with return of premium) and the LA opted for a critical illness benefit rider of Rs.200, 000.

As per the policy conditions, the rider benefit is payable in the event of the LA's survival for a period of at least thirty days following a first diagnosis of critical illness or first performance of any of the covered surgeries while the supplementary contract is in force.

The LA underwent a by-pass surgery on 12-12-2005 and claimed critical illness benefit as supplementary benefit under the policy. The surgery was performed in CARE Banjara Hospital, Hyderabad and all medical records relating to surgery were submitted. In the case-sheet, it was mentioned that the LA was a known diabetic for about ten years and that he had a history of Deep Vein Thrombosis in 1990. As the LA did not disclose his past medical history, the insurer rejected the claim and rescinded the policy from inception.

The LA rejected the contention of the insurer and claimed that he never suffered from diabetes before commencement of the policy. Further, he contended that he did not suffer from deep vein thrombosis in the year 1990 and claimed that he only had high fever, for which he took treatment from his company hospital. He contended that he did not give past medical history to the hospital and he is not aware as to how the hospital recorded the history.

Decision : The issues for decision are whether the insurer is right in rejecting the claim and whether insurer has established beyond doubt that the LA resorted to deliberate misrepresentation of facts with a fraudulent intention. Section 45 of Insurance Act, 1938 is applicable. Circumstantial evidence produced by the insurer suggests deliberate intent on the part of the L.A. in not disclosing information about history of diabetes. The medicines used at the time of surgery suggest that the LA must be a diabetic for quite some time before issue of policy as large doses of Mixtard and Actrapid insulin injections were administered. The life assured had time to go through the case sheet and he could have got the case sheet rectified for incorrect information, if any, that was recorded. The life assured contention was not accepted and the complaint was rejected. However, the insurer was directed to continue the policy for basic sum assured as the life assured paid premiums for over three years.

Hyderabad Ombudsman Centre
Smt. V. Suryagowri
Vs
Life Insurance Corporation of India

Award dated 27.7.2006

Head Notes: Repudiation of accident benefit claim – Policy not in force at the time of accident – premium subsequently paid – complaint rejected.

Facts of the Case : The complainant is the wife of DLA under Policy No.646595319 late V. Satish Babu S/o V. Ramakrishna obtained the policy for a sum assured of Rs.1 lakh from City Branch – 18 of LIC's Hyderabad Division. The policy commenced on 28.08.2003. The LA met with a road accident on 20.02.2005 and as on that date the hly. Premium due on 28.08.2004 was in arrears. The instalment premium was paid on 22.02.2005 and the life assured died on 28.02.2005.

LIC settled claim amount for basic sum assured of Rs. 1 lakh and rejected payment of accident benefit. As per the conditions of the policy described under CL.10, accident benefit is admissible if the life assured is involved in any accident at any time when the

policy is in force for the full sum assured. As the policy was not in force on the date of accident, according to the insurer the policy was in lapsed condition. As per LIC, payment of arrears of premium with interest amounts to revival of a lapsed policy. Since they did not insist for any health requirement, they have paid the basic sum assured as per policy conditions.

The complainant differed with the insurer and claimed payment of accident benefit, as the benefit is an inbuilt one under Jeevan Anand Plan (T-149).

The insurer produced a copy of their claims manual to show that they follow a uniform procedure through out the country in cases of this nature. As per their rules, to become eligible for accident benefit, a policy must be in force on the date of accident as well as on the claim date. They also produced summary of a similar case under Policy No.601505533 decided by their Secunderabad Division.

As the insurer is following a uniform procedure in similar cases and as the policy condition is clear, the complaint was not allowed.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21-001-318/2005-06
Shri. Moideen Koya P.K.
Vs.
Life Insurance Corporation of India

Award dated 25.4.2006

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 arose out of rejection of a claim for Benefit B under Asha Deep Policy No.791149881 by the insurer. The complainant had started the policy in October 1993 and it was revived several times. The last revival as on date was on 31.12.2004. The complainant had undergone a Bypass surgery on 4.5.2005. As per the policy conditions, the benefit B was not admissible if the bypass surgery fell within one year from the date of revival. In this case, the surgery was obviously within one year from the date of last revival ie, 31.12.2004 and therefore the claim was rejected. The insurer had acted according to the terms and conditions of the policy and therefore the complaint was clearly out of place. In the circumstances, the complaint was dismissed.

Kochi Ombudsman Centre
Case No. IO/KCH/LI/21-001-302/2006-07
Sri.M.P.Ravindranathan
Vs.
Life Insurance Corporation of India

Award dated 28.6.2006

The complaint under Rule 12(1)(b) read with Rule 13 of the RPG Rules, 1998 relates to the premium difference in two policies No.774870339 and 774788414. The complainant complained that the premium for Pol.No.774870339 is higher than that of an identical Pol.No.774788414. He challenges that there is no justification in classifying the proposal as ‘with class I extra’ and collect more premium (Rs.950/-) from him. The respondent company admitted in their self-contained note that the extra premium charged was only on the basis of adverse blood sugar and lipid level reports and on the advice of the Medical Officer’s reports; an omission also occurred on the part of the insurer by collecting standard rate of premium in the second policy. The Central Office underwriting section has given a privilege to the complainant by not collecting extra

premium in the second policy and hence the decisions on both the policies may be allowed to remain as they are. Therefore, considering the totality of the circumstances this Forum is not inclined to allow any benefit to the life assured and the insurer is advised to be a lot more careful in future.

Kolkata Ombudsman Centre
Case No. 735/24/001/L/02/2005-2006
Shri Ram Pada Biswas
Vs.
Life Insurance Corporation of India

Award dated : 19.04.06

Facts & Submissions : The complaint is regarding non-receipt of pension under Jeevan Suraksha Policy.

Shri Rampada Biswas stated that his aforesaid policy got matured on 28.05.05 and the pension instalments were due from 28.06.05. He made a series of correspondence with LICI for the last 8 months in connection with release of pension amount, but he did not get any satisfactory reply from them. Being aggrieved, he has approached this forum and requested for early release of pension amount.

LICI, KSDO stated that they have extracted the "INPUT ADVICE" and sent to Jeevan Suraksha Cell, LICI, KMDO-I on 28.03.06. We have also received a letter dated 31.03.06 from Manager (CR:JS), LICI, KMDO-I confirming that they have received the ratified data under the aforesaid policy on 28.03.06 and they would be issuing the annuity cheques on 03.04.06 @ Rs. 769/-. The first cheque will be for Rs. 99/- for the broken period 28.05.05 to 31.05.05. Since grievance of the complainant has been redressed properly, no further order is called for at this end.

Kolkata Ombudsman Centre
Case No. 874/22/001/L/03/2005-2006
Shri Narendra Nath Ghosal
Vs.
Life Insurance Corporation of India

Award dated : 19.04.06

Facts & Submissions : The complaint is regarding non-transfer of policy from Khatra Branch to Ushagram Branch Office.

Shri Narendra Nath Ghosal stated that in spite of several efforts he could not get his aforesaid policy transferred from LICI Khatra Branch to Ushagram Branch. He requested Khatra Branch vide his letters dated 29.08.05 and 06.12.05 for transfer of policy and change of his address, but till date he did not get any response. Being aggrieved, he has approached this forum and requested for an early action.

Asansol Divisional Office informed that the policy stood transferred to LICI Ushagram Branch, (code 46E). They have also enclosed a status report certifying the same. Since the grievance of the complainant has been redressed, no order is called for at this end.

Kolkata Ombudsman Centre
Case No. 701/23/004/L/01/2005-2006
Shri Dipanjan Ray Chaudhuri
Vs.
ICICI Prudential Life Insurance Company Ltd.

Award dated 28.04.06

Facts & Submissions : The complaint is regarding dispute in payment of surrender value.

Shri Dipanjan Ray Chaudhuri stated that he applied for surrender of the aforesaid policy on 31.10.05. After several visits to the Company's Branch Office, he received a letter from them, which was not matching as per the contract between them. ICICI Prudential informed him that he would get around Rs. 8016/-, but according to the contract he was to get Rs. 26,578/- (i.e., Rs. 5312 x 3 x 35% + Rs. 35 per thousand, i.e., Rs. 35 x 200 x 3). Had there been any change in rules and regulations, the company should have informed him, but he did not receive any information. He contended that if these clauses were there in the policy at the time of purchasing it, he would not have bought the policy. Being aggrieved, he has approached this forum and sought a relief of Rs. 26,578/-.

ICICI Prudential stated that the complainant requested them for surrender of the aforesaid policy and they informed him that the surrender value would be Rs. 8,019/-. We reproduce below an extract of the detailed calculation given by the insurance company:

"Clause 4 of the Policy document refers to "Guaranteed Surrender Value" and the same is reproduced below:

"If premiums are paid for at least three consecutive years, the policy acquires a surrender value which is equal to thirty-five percent of the premiums paid, excluding the premiums paid during the first year of the policy, the extra premiums and the rider premiums. The cash value of the Guaranteed Additions and vested bonuses will also be allowed. The policy which has acquired a surrender value can be surrendered for payment in cash and the surrender shall extinguish all the rights, benefits and interests under the policy."

Clause 2 of the General conditions refers to "Bonus" and the same is reproduced below:

"Guaranteed additions and vested bonuses (if applicable, under with profit policies) will be payable in terms of the prospectus and Company's internal guidelines and policies and Insurance Regulatory and Development Authority (IRDA) rules and regulations."

In view of the above, the surrender value of Rs. 8073/- is calculated as under:

35% (total premium - first year's premium)	=	
35% (4-1)*5312	=	Rs. 5578/-
GA is (1.035 ^ 4-1)*200000	=	Rs.29505/-
Cash value of GA is (Rs. 29505 * 8.46%)	=	Rs.2495/-
Surrender value is (Rs. 5578/- + 2495/-)	=	Rs. 8073/-

8.46% is the discounting factor applied to GA to get cash value of GA. As the customer is not continuing the policy till the end of 30 years he will be given only the discounted value of GA not the full GA amount. These discounting factors are approved by IRDA."

Decision : As per clause 4 of the policy document if the premia are paid for at least three consecutive years, the policy acquires a surrender value which is equal to thirty-five percent of the premiums paid, excluding the premiums paid during the first year of the policy, the extra premiums and the rider premiums. Clause 2 of the General Conditions stated that guaranteed additions and vested bonuses (if applicable under with profit policies) will be payable in terms of the prospectus and company's internal

guidelines and policies and Insurance Regulatory and Development Authority (IRDA) rules and regulations. As the policyholder did not continue his policy for full term, discounting factor was applicable and in this case discounting factor was 8.46%. We, therefore, hold that ICICI Prudential was justified in calculating the surrender value of Rs. 8073/-. We direct ICICI Prudential to settle the surrender value of Rs. 8073/- within fifteen days from the date of receipt of consent letter from the complainant.

Kolkata Ombudsman Centre
Case No. 295/23/001/L/07/2005-2006
Smt. Hira Devi
Vs.
Life Insurance Corporation of India

Award dated : 22.05.06

Facts & Submissions : The complaint is regarding non-entertainment of SB-cum-Revival application.

Smt. Hira Devi took a money back policy from Forbesganj Branch with date of commencement (DOC) 28.10.1998 for sum assured of Rs. 25000/-. She stopped paying the half-yearly premium w.e.f. 04/2000 since she had shifted to some other place. She approached Forbesganj Branch on 26.04.05 and came to know from the Branch that if she did not revive the policy within 28.04.05, the policy would be lapsed. She deposited Rs. 6433/- after deducting the SB amount of Rs. 5000/- vide BOC No. 100/27.04.2005. She was asked to do the medical examination, but she could not do so by 28.04.05, since no lady medical examiner/doctor was available in the city. She approached the Branch with all the medical reports after 28.04.05, but the Branch refused to accept them and suggested her to take a fresh policy. Being aggrieved she has approached this forum and requested for revival of her policy.

LICI Bhagalpur Divisional Office stated that the complainant applied for revival on 18.02.2000. Accordingly, LICI Forbesganj Branch issued quotation on 18.02.2000. The complainant submitted medical report along with Declaration of General Health and deposited the required revival amount of Rs. 1689/- as per quotation on 21.02.2000. The policy was revived on the spot. Subsequently the policy was again lapsed due to non-payment of renewal premium. The policyholder deposited an amount of Rs. 6433/- on 27.04.05 vide BOC no. 543000108 but did not submit the medical requirements. LICI further stated that as per rule no revival could be given effect to if full revival amount along with medical requirement (if any) was not submitted by the policyholder simultaneously within the validity period of the quotation. As the complainant did not fulfil the condition, LICI could not give effect to revival of the said policy. Again as per corporate guideline, no revival could be given effect to after a lapse of 5 years from the date of first unpaid premium. LICI, therefore, rejected the application for SB-cum-Revival.

Decision : The complainant applied for revival for the first time on 18.02.2000 and accordingly, LICI, Forbesganj Branch issued quotation on 18.02.2000. The policy was revived after the complainant submitted medical report along with Declaration of General Health and revival amount of Rs. 1689/-. The policy was lapsed again and the complainant applied for revival for the second time on 27.04.05. As per LICI's policy condition, no policy can be revived after a lapse of 5 years from the date of first unpaid premium. The complainant submitted the medical requirement after a lapse of five

years i.e., on 28.04.05. It was held that LICI was justified in rejecting the SB-cum-Revival application.

Kolkata Ombudsman Centre
Case No. 619/22/001/L/12/2005-2006
Shri Janardan Prasad
Vs.
Life Insurance Corporation of India

Award dated : 22.05.06

Facts & Submissions : The complaint is regarding non-realization of premium by LICI, Ukhra Branch.

Shri Janardan Prasad stated that he had taken a policy under Salary Savings Scheme (SSS) from Uttarpara Branch. The policy should have been transferred to Ukhra Branch under Asansol Division since he was working in Coal India and posted at Chora 10 Pit Colliery, PO Haripur, Dist. Burdwan. LICI allotted the PA code (No. 90404646D) to his employer for depositing the premium under SSS mode. His employer deducted the premium every month from his salary, but could not deposit the amount with LICI, Ukhra Branch as there was no trace of any master of the aforesaid policy in the Branch. The policy was, therefore, lying in lapsed condition. He requested Uttarpara Branch, Howrah Division, Asansol Division and Ukhra Branch a number of times, but they did not take any action. Being aggrieved, he has approached this forum and requested for regularization of premium without imposing any penal interest on him.

LICI Howrah Divisional Office stated that the aforesaid policy originated in Uttarpara Branch. Since the PA code was attached to Ukhra Branch under Asansol Division, Uttarpara Branch had taken transfer out action on 29.02.2004 and sent the policy docket to Ukhra Branch on 15.05.04 vide speed post no. 0628. Manager (CR) Howrah Division also had telephonic conversation with the Branch Manager, Ukhra Branch and Manager (SSS), Asansol Division. They had also written to Branch Manager, Ukhra Branch, Manager (SSS) & Manager (CR) of Asansol Division enclosing copy of the complaint from the policyholder for necessary adjustment of SSS premiums under the policy.

Decision : We find that the policy originated in Uttarpara Branch under Howrah Division with date of commencement 20.02.2004. Since the PA code was attached to Ukhra Branch under Asansol Division, Uttarpara Branch had taken transfer out action on 29.02.04 and sent the policy docket to Ukhra Branch on 15.05.04 vide speed post no. 0628. Manager (CR), Howrah Division had telephonic conversation with Ukhra Branch and Manager (SSS) under Asansol Division. They were also intimated in writing by Manager (CR). Since transfer out action had already been taken by Uttarpara Branch and the policy docket was also transferred, we direct Ukhra Branch under Asansol Division to adjust/regularize the premium up to date without imposing any penal interest for delayed adjustment on their part. The above action has to be taken within fifteen days from the date of receipt of consent letter from the complainant.

Kolkata Ombudsman Centre
Case No. 766/23/001/L/02/2005-2006
Shri Mohan Chandra Daskarmakar
Vs.
Life Insurance Corporation of India

Award dated : 25.05.06

Facts & Submissions : The complaint is regarding refund of premium and interest on SB payment.

Shri Mohan Chandra Daskarmakar stated that his SB payment was due on 28.01.03, but LICI paid the same in the end of April'04. He requested LICI, Barrackpore Branch for interest for the delayed payment. He also requested them for refund of premium of Rs. 655.10 paid to LICI Munger Branch. But despite lot of correspondence by post and phone LICI did not settle the same. Being aggrieved, he has approached this forum and sought a relief of Rs. 655.10 on account of premium and interest for delay in SB settlement.

LICI Bhagalpur Divisional Office stated that the complainant had two policies with Munger Branch. On 11.09.2002, the complainant sent one cheque drawn on Allahabad Bank, Munger Branch towards premium due 07/2002 against policy no. 520230011 and the said cheque was returned unpaid by the Bank in December 2002. Subsequently, the complainant submitted one application for transfer of the said policy along with another policy no. 510236033 to Barrackpore Branch. Munger Branch transferred the second policy but the policy no. 510230011 could not be transferred as the policy was in lapsed condition. SB payment due on 28.01.03 also could not be paid due to the same reason. On 28.04.04, the complainant submitted medical requirement to revive the policy under the scheme SB-cum-Revival. The policy was revived after deducting the due premiums with interest amounting to Rs. 7538/- and the balance amount of Rs. 2462/- of the SB was paid to the claimant. After revival the said policy was transferred to Barrackpore Branch. LICI, therefore, could not find any fault at the Branch level. However, in the premium history, LICI found an amount of Rs. 655.10 paid on the same date i.e., on 11.09.2002. Bhagalpur DO requested LICI Barrackpore Branch to send the premium history against the other policy no. 510236033. They also advised Munger Branch to refund Rs. 655.10 after verification of record and the premium history sent by Barrackpore Branch. As regards interest on SB of Rs. 10000/- and interest on Rs. 655.10, LICI contended that they did not find any rationale in the complainant's claim.

Decision : We find that the delay in settlement of SB payment was due to the policy getting lapsed for non-payment of premium. Subsequently, on submission of medical requirement to revive the policy under SB-cum-Revival Scheme on 28.04.04, LICI settled the claim for Rs. 2462/- after deducting the due premiums with interest amounting to Rs. 7538/-. We, therefore, hold that LICI have settled the claim correctly and there is no question of interest on delayed payment. As regards refund of Rs. 655.10, LICI Bhagalpur DO have accepted that they have received the amount on 11.09.2002 and they have advised Munger Branch to refund Rs. 655.10 after verification of record and premium history sent by Barrackpore Branch. We, accordingly, direct LICI Munger Branch to refund Rs. 655.10 within fifteen days from the date of receipt of consent letter from the complainant.

Kolkata Ombudsman Centre
Case No. 601/22/005/HDFC Life Ins./11/2005-2006
Shri Sakti Sekhar Chanda
Vs.
HDFC Standard Life Insurance Co. Ltd.

Award dated : 30.05.06

Facts & Submissions : The complaint is regarding unjustified demand for submission of diabetes questionnaire.

Shri Sakti Sekhar Chanda had applied for a term insurance policy from HDFC Standard Life Insurance for Rs. 15 lakhs and remitted full premium amount nearly 3 months ago. He was told by their authorized representative that after acceptance of the proposal, he would have to undergo a medical examination including clinical investigation of blood and urine, which included sugar level i.e., medical diabetic tests at their approved pathological diagnostic lab. If the reports issued by the said Lab were satisfactory then the policy would be issued and the same was fully complied with by him. After some time HDFC Standard Life sent a questionnaire as to whether he was under any medication for his previous (Low) backache which he replied. Again after some time, HDFC sent another questionnaire and termed them as "Non Medical Requirements" - Diabetes questionnaire form. He disagreed for complying with the same. Grounds of his disagreement and reasons for apprehensions were as follows:

1. "How Diabetes became a Non-Medical terminology and requirements to be declared by me after they had carried on my SUGAR tests. This is in addition to my first application declaring "No Diabetes" and secondly after thorough Blood and Urine tests conducted by them. It makes no sense for tests if declaration is important.
2. After the backache questionnaire, above is 2nd one. How many more to come?
3. Although I do not have any symptom of Diabetes at my age of 50 now, I may develop with Diabetes in future. So, if I declare now as Negative and later if I develop, their underwrite may interpret my declaration as 'Suppression of Facts' while insuring and make the claim, if any, as null and void on such ground or significance of the declaration being forced by them now."

HDFC Standard Life Insurance Co. stated that the complainant had no grievance against the insurance company and that what the complainant sought was advice from the Insurance Ombudsman. However, on merit they made the following submissions:

The proposer had disclosed to the company at the time of proposal that he had backache due to regular work on computers. The insurance company, accordingly, sent the questionnaire to the proposer. Also as the medical examination done on the customer was hinting borderline diabetes, the Diabetic Questionnaire was sought to be fulfilled by the proposer in order to ascertain whether the proposal should be accepted at the standard rates or the proposal should be rated up. Non-Medical Requirement meant those requirements raised by underwriting team where the customer need not visit a Pathological Lab. It was a prerogative of the insurance company to request the proposer to fill up the questionnaire or to do medical examination for assessment of risk on the life of the proposer. The proposer should not challenge such questionnaire, as otherwise it would be impossible for the insurance company to assess the risk on the life of the proposer. The Doctrine of Utmost Good Faith requires the proposer to disclose all the information pertaining to the health and past health related history of the proposer to the insurance company at the time of proposal as well as till the date of acceptance of the proposal by the insurance company.

Decision : On receipt of the complaint we had issued P-II and P-III form to the complainant on 30.11.05 requesting for details of the complaints in the prescribed proforma along with the xerox copies of the documents relied on by the complainant. He was also asked to give consent to the Insurance Ombudsman to act as a mediator for the resolution of the complaint in form P-III. As there was no response, we issued a registered reminder dated 04.01.06 requesting for reply within a month. It was made

clear that if there no response from the complainant in time, it would be presumed that the complaint has been resolved by the insurance company and the complaint will be treated as closed. We received a letter dated 24.01.06 from the complainant requesting us to confirm first that there was merit in the complaint and thereafter he will fill up and send the forms P-II and P-II for action by us. The letter dated 24.01.06 is reproduced below:

"With reference to above, I wish to inform you that I was out of station for some urgent business and immediately on return I am writing you as follows:

I had informed HDFC Standard Life Insurance Co. about my lodging the complaint with your department. Immediately after that they sent me back only the premium amount paid with the reasoning that

(1) I did not comply with their instruction and demand, hence proposal is cancelled.

(2) They also have mentioned that their underwriter can raise any point as deemed fit against the Life risk matter where their demand is unquestionable.

My losses are:

(a) No insurance coverage although proposal amount was paid.

(b) For nothing trouble taken for their useless Medical Examinations.

(c) Mental agony for their Post proposal undue demand for forced declaration with consequential results warnings at later stage.

(d) Interest loss for holding my money without any result.

(e) Professional & Business time / earning loss for their acts.

Under above circumstance, I would request you to kindly advise me that my case is still standing on its merit and as per their performance to me, I will immediately fill up and send you the two forms (P-II & P-III) for your judicious action as prayed for."

We have considered the facts and circumstances of the case as well as the replies and submissions of the complainant and the insurance company. We find that the complainant did not file reply in P-II and P-III form - a mandatory requirement for any complaint to be processed and proceeded with by the Insurance Ombudsman. The complainant in his belated reaction to our letter wanted first a confirmation from this office that there was merit in his complaint and thereafter he would send P-II and P-III forms.

We decline to accept the position that we have to first decide on the merit of the complaint and thereafter obtain P-II & P-III forms from the complainant. It appears that the complainant has totally misunderstood the scheme of Insurance Ombudsman as well as the procedure laid down under RPG Rules 1998. For consideration of the complainant, the procedures laid down must be complied with and only thereafter there will be decision on merit. The complainant wants decision and merit first and thereafter fulfilment of the procedures. We reject such contention of the complainant and decline to pass any order on the merit of the complaint. It is presumed that the complainant is not interested in pursuing this complaint and hence it is closed. In case he insists that the complaint must be considered on merit, he is at liberty to file a fresh complaint and must comply with the procedures laid down under the RPG Rules 1998.

Vs.
Life Insurance Corporation of India

Award dated : 30.05.06

Facts & Submissions : The complaint is regarding non-adjustment of premium.

Shri Amar Nath Shukla remitted the premium amount of Rs. 577/- under policy no. 532256674 and Rs. 380/- under policy no. 530311980 on 03.10.05 through Internet to Delhi Branch No. 117. But till date the same has not been posted in Hajipur Branch, the servicing Branch. Being aggrieved, he has approached this forum and requested for immediate adjustment.

LICI, Muzaffarpur DO stated that the servicing Branch i.e., Hajipur Branch have adjusted/updated the premium and the First Unpaid Premium (FUP) under policy no. 532256674 was 02/2006 and under policy no. 530311980 was 12/2005. They have also enclosed the status report under both the policies.

Since LICI have adjusted the premium correctly, no further order is called for from our end.

Kolkata Ombudsman Centre
Case No. 748/24/001/L/02/2005-2006
Smt. Ratna Ray
Vs.
Life Insurance Corporation of India

Award dated : 19.06.06

Facts & Submissions : The complaint is regarding non-payment of penal interest for delayed payment of Survival Benefit (SB).

Smt. Ratna Ray had taken a money back policy from Lake Town Branch in 1996. LICI settled the 1st instalment of SB, but did not pay the interest for delay in settlement of claim. LICI stated that as she did not intimate the change of her address to them, they could not send the SB cheque to her new address. But the complainant stated that she informed the Branch through her agent about the changed address. She enclosed a copy of premium notice sent to her by her agent where the new address was recorded correctly, which proved that she informed about her change of address well in time. Being aggrieved, she has approached this forum and sought a relief of Rs. 12,000/- towards penal interest.

LICI, Kolkata Suburban Divisional Office stated that as per terms and conditions of the policy, 1st and 2nd SB claim were due on 17.03.2000 and 17.03.2004 respectively and accordingly, the concerned Branch Office sent the cheques in due time to the recorded address of the policyholder. The complainant perhaps did not receive the same due to change of her residential address. Since her changed address was not communicated to the servicing Branch, cheques meant for SB claim could not reach her. On the basis of her application dated 31.11.04 and 22.01.05, LICI made the fresh payments on 09.12.04 and 22.01.05 respectively. LICI, therefore, contended that there was no delay on their part.

LICI further stated that as per policy records, there was no evidence to show that the agent had submitted any application for change of address on behalf of the policyholder. Handing over of an application for change of address to an agent did not mean that LICI had received the same. In other word, duty of an LICI agent was limited to solicit and procure new life insurance policy only. An LICI agent has no authority to

accept any risk for or on behalf of the corporation or to bind the corporation in any manner whatsoever. The complainant submitted a xeroxed copy of premium notice, which was not issued by LICI at all. Most probably, the concerned agent had issued personally that type of premium notice on his own risk in order to keep the policy in force condition. Since the complainant did not communicate her changed address to the concerned LICI Branch, LICI denied the claim for delayed interest against the SB claim vide their letter dated 26.02.05 and 11.05.05.

Decision : The complainant intimated her change of address to the agent and not to LICI. The complainant submitted a xeroxed copy of premium notice due on 17.03.2001, but the same was not issued by LICI. We also find that LICI, Lake Town vide their letter dated 20.12.99 issued a discharge form towards 1st SB claim to the complainant's recorded address and they also issued cheque no. 879380 dated 28.3.2000 but the same did not reach the life assured. Since the complainant did not intimate LICI about her change of address in writing, LICI were justified in not considering the interest for delayed payment of SB. Decision of LICI was upheld.

Kolkata Ombudsman Centre
Case No. 770/23/001/L/02/2005-2006
Smt. Hasi Das
Vs.
Life Insurance Corporation of India

Award dated : 26.06.06

Facts & Submissions : The complaint is regarding non-regularization of premium from SSS mode to ordinary mode.

Smt. Hasi Das was an employee of National Insurance Company (NIC) and retired under SVRS on 23.09.04. She had two policies and premiums @ Rs. 347/- were deducted from her salary till September'04. After retirement she applied for re-conversion of policy to direct and found that premium under policy no. S-59582578 was not deposited to LICI since February 1995, as informed by LICI vide their letter dated 25.04.05. She appealed to Regional Manager, National Insurance, CRO-II on 21.07.05 followed by verbal request, but received no response. She again appealed to CMD, National Insurance on 08.09.05. NIC wrote a letter dated 23.09.05 to LICI SSS Deptt., which is reproduced below:

"We would like to draw your kind attention to the fact that Smt. Hansi Das, employee of CRO-II, 8 India Exchange Place, 3rd floor, Kolkata - 700 001 had taken life insurance coverage vide policy no. S-5958578 for a sum insured Rs. 30,000/-.

CRO-II had deducted the premium from the salary of the concerned employee. However, inadvertently, the premium was not remitted from the date of the conversion to Salary Savings Scheme. The lapse was observed, when Smt. Das applied for re-conversion of the policy from the SSS to Direct, your department replied that the premium was not deposited from February 1995 to date.

Please note that most of our valuable documents were destroyed in a fire at CRO-II in 1998. It may not be out of place to mention that in general there was no default under PA code 7258-41.

Therefore, we would request you to kindly look into the matter with a sympathetic view and allow for revival of the policy treating it as a special case."

She further stated that LICI vide their letter dated 25.10.05 wrote to NIC stating that the policy could not be revived as the premium had not been paid for more than 5 years. In the instant case premium had been paid up to February 1994 and lapsation period was more than 10 years. LICI further observed that the policy was attached to CBO-22 under ordinary mode and that conversion from ordinary to SSS mode was not done in CBO-22 and the policy was not transferred to SSS. Therefore, the name of Smt. Hansi Das was not included in their Demand Invoice. If she had applied for conversion and transfer of the policy, she should contact CBO-22 as to why the policy was not transferred after conversion.

The complainant then met Shri B.N.Das, Divisional Manager, SSS Deptt. and he advised her to submit all the documents. She submitted the documents to Shri B.N.Das, DM, SSS on 13.02.06. She submitted a copy of the memo dated 23.12.93 from CBO-4, addressed to SSS Deptt., KMDO-I which is reproduced below:

" Sub: Policy No. S-59582578: Please find enclosed the case bag of the captioned policy duly converted to SSS w.e.f. 28.02.94. Please acknowledge receipt."

LICI, CBO-4 vide their letter dated 23.12.93 also intimated the complainant that they had extended the benefit of SSS to policy no. S/59582578 w.e.f. 28.02.94 and the altered premium came to Rs. 102/-, which would be demanded through their demand list to be issued to her employer from the month of February'04. She also submitted copy of salary slips for the months May'00, April'04, Sept.'03, July'04, which showed that premium of Rs. 347/- was deducted from her salary.

She stated that a devastating fire had destroyed all the documents of 2 Fairly Place, of NIC, CRO-II, where her original policies were also destroyed and LICI, SSS Deptt. issued a duplicate policy dated 31.10.2000, which showed that the policy was converted to SSS.

Being aggrieved at the non-regularization of her policy, she has approached this forum and sought immediate regularization of the aforesaid policy.

In the self-contained note dated 16.03.06, LICI SSS Deptt. KMDO-I, stated as follows:

"With regard to above, we would like to furnish the under noted facts as to why we were unable to revive the aforesaid policy in spite of submission of salary slip showing deduction of Rs. 347/- under head G.S.L.I.P.

1. The enclosed photocopy of letter dated 3/3/2005 under ref. Accts:JM:BNS reveals that the remittance of Rs. 102.00 was not made to LICI by National Insurance Co. Ltd. since 1998 in spite of deduction of the same from the salary of Mrs. Hasi Das. But it appears from our record that the premium was not being received since Feb. 1995.
2. As per our rules a policy cannot be revived if the lapsation period is more than 5 years.
3. For your information it is to be noted that we accept remittance only along with the copy of demand invoice with reconciliation statement giving add premium or less premium. When a paying authority sends the remittance as addition in our demand invoice, we keep the amount at first in our error list which is adjusted subsequently under respective policy number on receipt of the full record from the transferee Branch."

LICI vide their letter dated 25.04.06 further clarified the position as under:

"As desired, we would like to furnish the full facts of the case in a chronological order:

1. At the inception, the policy was issued with yearly mode of payment charging premium @ Rs. 1201.50 w.e.f. 28.2.86 (Table Term 14-25, Sum Assured 30,000/-) from our City Branch No.4.
2. At the option of the policyholder the said policy was converted from yearly to SSS mode w.e.f. 28.2.94 with an advice to her for necessary regular deduction from her salary up to last premium due 28.1.2011.
3. We did not receive SSS premium @ Rs. 102/- per month from National Insurance Co. Ltd. under the aforesaid policy after conversion i.e., since Feb. 94 neither under PA code 7258041 nor 8579041 as per authorization letter dated 23.12.93 addressed to the Paying Authority. As no premium was received by us under the policy at any time. Name of Hasi Das was not included in the Demand Invoice.
4. The certificate ref. 150100:NS:DR dated 03.01.05 is not correctly given by the employer. SSS Collection Receipt as well as Demand Invoice with reconciliation statement is enclosed for verification.
5. The policy master is still attached to our City Branch 22 (Code No. 41T) with FUP 02/95 (mode yearly). The status report is enclosed. (Some policies of CBO-4 were decentralized to CBO-22)
6. On 28.7.2000 Smt. Hasi Das requested LICI to issue her a duplicate policy as the original policy was destroyed by fire in the office premises and accordingly we issued her duplicate policy under the policy no. 59582578 on 31.10.2000.
7. On 07.04.2005 Smt. H. Das applied for revival of the policy. As per rules a policy cannot be revived if the lapsation period is more than 5 years. Therefore, in reply we expressed our inability to revive the policy vide our letter dated 25.4.05 followed by subsequent letter on 25.10.05 as the said policy was in a lapsed condition for more than five years."

Decision : We find a series of lapses on the part of both the insurer i.e., LICI and employer of the policyholder i.e., National Insurance Company. LICI, SSS Deptt., KMDO-I vide their letter dated 25.10.05 addressed to NIC contended that the policy was attached to CBO-22 under ordinary mode and that the conversion from ordinary to SSS mode was not done and the policy was not transferred to them. LICI, therefore, did not include the name of policyholder in the demand invoice. Whereas it is established from CBO-4 letter dated 23.12.93 addressed to the policyholder that the policy was converted to SSS mode w.e.f. 28.02.1994 with monthly premium of Rs. 102/- and assuring the policyholder that the same would be included in the demand list to be issued to her employer from the month of February 1994. It is only when the complainant met the Manager (SSS), KMDO-I and submitted all the documents on 13.02.06, LICI SSS vide their letter dated 25.04.06 accepted that the policy was converted from yearly to SSS mode w.e.f. 28.02.94. In the said letter dated 25.04.06 LICI stated as follows:

"We did not receive SSS premium @ Rs. 102/- per month from National Insurance Co. Ltd. under the aforesaid policy after conversion i.e., since Feb.94 under PA code 7258041 nor 8579041 as per authorization letter dated 23.12.93 addressed to the Paying Authority. As no premium was received by us under the policy at any time, Name of Hasi Das was not included in the Demand Invoice."

We fail to understand the clarification given by LICI that since no premium was received by them under the policy, they did not include the name of the policyholder in the demand invoice. Is it not the duty of LICI SSS Deptt. to include the name of the

policyholder with policy number in the demand invoice as soon as they are transferred to them from other Branches? After inclusion of the same in the demand invoice, if the premium was not remitted to them by the employer, was it not the duty of LICI to reconcile the remittance particulars of the employer with their demand invoice and apprise the employer, if there were any difference as to why the premia were not being deducted.

National Insurance Company also gave a wrong certificate on 03.01.05 certifying that an amount of Rs. 102/- against policy no. S-59582578 had been regularly remitted to LICI and the last remittance was sent on 03.11.2004 vide cheque no. 105001 under PA code no. 8579-041. Whereas the reconciliation statement dated 03.11.04 showed that there was no such deduction ! NIC again wrote to LICI on 03.02.05 stating that since the name of the life assured against the said policy no. was not appearing in LICI's demand advice from 1998, remittance of Rs. 102/- per month was not made by them. It is not understood why NIC took such a long time to write to LICI whereas they were deducting the premium every month without remitting the same to LICI as is evident from the copy of the salary slip of the complainant ! It is equally the responsibility of the employer to deduct the premium from their employees' salary and remit the same to LICI every month properly.

In case of SSS policy, it is the duty of the paying authority to deduct SSS premium from the employees' salary and remit it to the servicing office of LICI as per SSS authorization until the authority is revoked by the policyholder or SSS scheme is withdrawn from the employer. No such things were reported from any quarter in this case. Also National Insurance Company, being a public sector organization, was expected to record and account for properly the deduction made from the employees' salary under different heads. The insurance, being a mutual contract between the insured and the insurer, based on declaration from the proposer on "Utmost good faith" and on regular payment of insurance premium, the complainant cannot be denied insurance cover on the ground that the paying authority did not remit the amount deducted from salary. The paying authority in this case was acting on behalf of the insurer. If the SSS premium have been deducted from the salary of Smt. Hasi Das without any gap, then revival, conversion to ordinary mode and transfer to Lake Town Branch cannot be denied simply because the remittance was not made by the Paying Authority.

On perusal of the above facts, we find that there was no dispute that the policy was converted to SSS mode w.e.f. 28.02.1994. There was also an admission on the part of the Paying Authority that the premium under the SSS mode was deducted and not remitted from the date of conversion to SSS mode. Under these circumstances, we hold that the decision of the LICI not to regularize the policy on ground of lapsation for more than 5 years cannot be approved.

We, therefore, issue the following directions both to LICI as well as to National Insurance Company to reconcile their accounts so far as the deduction and remittance of premium from SSS mode for regularizing the policy is concerned:

i) LICI should obtain confirmation from the National Insurance about deduction of SSS premium from 02/1994 to 09/2004 from her salary without gap;

ii) KMDO-I SSS should calculate the total premium due under policy no. S-59582578 ascertaining the correct FUP without charging any interest and send demand invoice to National Insurance for remitting the amount;

iii) On receipt of the amount from National Insurance the policy master in SSS mode to be created and necessary adjustments made by KMDO-I SSS obtaining permission from the appropriate authority as a special case;

iv) The policyholder may be advised by KMDO-I SSS to deposit the balance amount (after her retirement from National Insurance Co. to date) without charging interest to make the policy in force and effect alteration and transfer as desired by the policyholder.

Both LICI and National Insurance should give utmost priority in the above reconciliation of accounts in the policy and make amends for the lapses that they have already made in denying the benefits to the complainant. We direct them to complete this exercise within a month from the date of receipt of consent letter from the complainant.

Kolkata Ombudsman Centre
Case No. 374/23/001/L/08/2005-2006
Shri Ambuj Kr. Das
Vs.
Life Insurance Corporation of India

Award dated 30.06.06

Facts & Submissions : The complaint is regarding non-inclusion of 'Term Rider' Benefit

Shri A.K.Das & Suchismita Das had proposed for life insurance of Rs. 2.50 lakhs each under plan 14 for 24 years terms with accident benefit and term rider option. The requisite amount of risk premium was also deposited with Naihati Branch Office. The policies were issued with date of commencement 20.02.03 and 15.03.03 respectively but the term rider options were not allowed without assigning any reason. Also the policies were issued without their consent and the premium for term rider were refunded by cheque. They informed Naihati Branch on 11.08.03 and 12.08.03, Customer Relation Manager, KSDO and also the Central Office on 30.01.05, but till date LICI did not take any action. Being aggrieved, they have approached this forum and requested for inclusion of Term Rider Option in their policies.

LICI, KSDO took up the matter with Naihati Branch, and Manager (NB) of Divisional Office. As the options desired by the policyholders were not included during inception of the said policies, further inclusions were denied by 'Machine Programme'. They requested Manager (NB) to take up the matter with the competent authority to redress the grievance. We received a subsequent letter dated 06.03.06 from Manager (CR), addressed to RM(Mktg:CRM), Eastern Zonal Office and copy endorsed to us, requesting EZO to intervene in the matter.

Decision : We find that the complainants opted for Term Rider in their proposal form and paid the requisite amount. This was not denied by the insurer. In case the term rider benefit could not have been extended to them from the underwriting point of view that should have been communicated to the proposer and their consent for policies without term rider benefit should have been obtained. The insurer, instead, refunded the excess deposit. We, therefore, direct LICI to include the 'Term Rider' benefit for the above policies within thirty days from the date of receipt of consent letter from the complainant. The complainant will pay the requisite premium for 'Term Rider', as demanded by LICI.

Case No. 679/25/001/L/01/2005-2006
Shri Ram Awadh Gupta
Vs.
Life Insurance Corporation of India

Award dated : 17.07.06

Facts & Submissions : The complaint is regarding non-receipt of policy bond.

Shri Ram Awadh Gupta took two policies on 28.02.02 and 22.12.01 respectively, but till date he did not receive the policy bond. He wrote to Buxar Branch on 02.09.04 followed by reminder and personal visits, but to no avail.

LICI, Patna Divisional Office stated that Buxar Branch have issued the policy bond and despatched the same by speed post as under:

"Policy No.	Speed Post No. & date
512350324	EE872943615 dt. 10.03.06
512343408	EE87293624 dt. 10.03.06"

Since LICI have redressed the grievance of the complainant, no further action is called for from our end.

It may not be out of place to mention here that LICI took about 4 years to issue a policy bond, which is against the IRDA norms. We, therefore, direct LICI to ensure that henceforth, the policies are issued within the time frame laid down by IRDA.

Kolkata Ombudsman Centre
Case No. 001/21/001/L/04/2006-2007
Shri Bindeshwari Rana
Vs.
Life Insurance Corporation of India

Award dated : 20.07.06

Facts & Submissions : The complaint is regarding repudiation of disability claim.

Shri Bindeshwari Rana was unable to walk and move due to disablement arising out of motor accident. His left hand was broken and he became unemployed. He was unable to do any type of job since the percentage of disablement was 40%. He submitted all the documents to LICI but LICI rejected the disability benefit (EPDB) claim on 27.06.05 on the ground that his disability did not fulfil the policy conditions of disability benefit. Being aggrieved, he has approached this forum and requested for early settlement of claim.

LICI, Hazaribag Divisional Office stated that the life assured had partial disability of 40%, which did not meet the policy conditions for EPDB. LICI, therefore, rejected the disability benefit vide their letter dated 27.06.05 and requested the policyholder to continue to pay the premium and keep the policy in-force.

Decision : We find that the complainant in his letter received on 16.05.06 along with 'P-II' form mentioned loss of power in left-hand and left-leg due to motor accident. He did not furnish the date of accident, whether any FIR was made with the Police or treatment particulars. Disability certificate and Concession certificate submitted by him showed 40% disability and the type of disability as 'Periarthritis'. As per LICI Rules disability benefit is admissible in case of permanent (not recoverable) disability of 2 limbs due to effect of any accident rendering the life assured incapable of earning

livelihood. Since the disability of the complainant did not fulfil the policy conditions of disability, LICI was justified in rejecting the disability benefit. The decision was upheld.

Kolkata Ombudsman Centre
Case No. 854/21/001/L/03/2005-2006
Shri Haran Chandra Roy
Vs.
Life Insurance Corporation of India

Award dated : 24.07.06

Facts & Submissions : The complaint is regarding repudiation of premium waiver benefit.

Shri Haran Chandra Roy submitted all the medical papers of West Bank Hospital to LICI but the insurance company repudiated the claim of premium waiver benefit as the life assured had cancer. He represented to the Divisional Office, Zonal Office requesting for reinvestigation of his claim, but they also upheld the decision of repudiation. Being aggrieved, he has approached this forum for restoration of premium waiver benefit.

LICI, Howrah Divisional Office stated that the occupation of the proposer under the aforesaid policies was business. She took Children Money back Policy from Kharagpur Branch on the life of her sons with DOC 15.02.01 and 08.02.01. After running the policies for 1 year, 5 months 15 days, she died of CVA in a case of renal failure on 25.07.02 at her residence. The proposer was admitted for treatment at West Bank Hospital on 03.07.02 and was discharged on 05.07.02. Case History Sheet (CHS) of West Bank Hospital showed “Dengue in 1990-91; Cholecystectmy in 1993; LUCS in 1994-95; Acute Tendinitis c arthritis in 1995-96”, whereas in the proposal form no. 300, she did not disclose the same. LICI, therefore, repudiated the Premium waiver benefit and the same was conveyed to the complainant on 03.11.04. The complainant represented to Zonal Office but the Zonal Claim Review Committee also upheld the decision of repudiation and the same was conveyed to the complainant on 26.10.05.

Decision : We find that the proposer had purchased two policies giving life coverage to her minor sons under Children’s Money Back Policy and opted for premium waiver benefit (PWB), wherein the premium payment would stop in case the proposer died within the premium paying period. We also find from the CHS of West Bank Hospital that the proposer had a history of “Dengue in 1990-91; Cholecystectmy in 1993; LUCS in 1994-95; Acute Tendinitis c arthritis in 1995-96”. It was, therefore, evident that the deceased proposer had a history of excision of Gall bladder and renal problem and the same was not disclosed in the proposal forms. As per manual provision, insurance coverage to a person having gall bladder disease may be given 6 months after operation or 12 months after cure. The proposer could have easily declared her treatment particulars and obtained insurance coverage under suitable underwriting decision. LICI was justified in repudiating the premium waiver benefit and accordingly, the same was upheld.

Kolkata Ombudsman Centre
Case No. 441/22/007/L/09/2005-2006
Shri Subrata Sanyal
Vs.
Max New York Life Insurance Co. Ltd.

Award dated : 24.07.06

Facts & Submissions : The complaint is regarding irregular adjustment of premia causing lapsation of policy.

Shri Subrata Sanyal took a policy with Max New York Life Insurance Co. in March 2001. Although he gave his first premium in March 2001, due to poor functioning of the company his policy was started from 01.09.2001. Although he paid his monthly premium regularly, the insurance company repeatedly issued letters from November 2003 that the policy had lapsed since he was defaulter of premium. After repeated representation to Max New York Life that he was not a defaulter of any premium from November 2003, the insurance company sent to him a letter dated 08.09.05 that he was a defaulter of premium from November 2003 to September 2005 and that his policy was lying in lapse mode from November 2003. For reinstatement of policy the insurance company required the following:

"Duly signed and witnessed Health Declaration Form

Amount required: Rs. 9545/-

(for period November 2003 to September 2005)

CAT1 Medical test (Medical Examination Report)"

The complainant contended although he was not a defaulter of premium from November 2003, the insurance company was harassing him unnecessarily. Being aggrieved, he has approached this forum and sought a relief of Rs. 30,000/- for mental harassment.

Max New York Life Insurance Co. Ltd. stated as under:

"The complainant, Mr. Subrata Sanyal had applied for a Whole life (Participating Plan) vide proposal form no. 100191410. As per the premium payment mode opted for by the complainant, a monthly premium of Rs. 415.00 was payable.

The complainant was paying the monthly premiums through cheques. However, since there was a shortfall of premium arising out of non payment of monthly premiums during the years 2001, 2002 and 2003, the policy had lapsed. The company had written several reminders to the complainant to reinstate the policy including reminders vide letters dated 06.02.2003, 11.02.2003, 01.09.2003, 01.10.2003, 27.08.2003. Since, the shortfall in premiums and reinstatement formalities namely furnishing of duly signed and witnessed Health Declaration Form and CAT 1, Medical Examination Report was not completed, the policy continued to be in lapsed mode. The premiums paid by the complainant were received by the company and kept in suspense account after the date on which the policy had lapsed. The premiums received were adjusted against the total premiums due till October 2003. The company on a request from the complainant had also provided the complainant with the statement of the total premiums due and premiums paid. The complainant was also informed regarding the formalities required for reinstatement of the policy including the premiums required to be paid.

It is not disputed by the complainant also that he has been regularly informed regarding the fact that his policy was lying in lapsed mode. The bank statements enclosed by the complainant also show that monthly premiums have not been paid regularly. The complainant has not provided the bank statement for the year 2001. During 2001, the complainant has not paid the premium during the period July 01 to October 01. The Bank statements for the year 2002 have also not been provided by the complainant. During the year 2002, the complainant did not pay any premium during the month July and November 2002. Again, during the year 2003, as per the

complainant's bank statement, the monthly premium for November 2003 has not been paid. No payments have been made by the complainant after November 2003.

Therefore, in spite of the complainant being aware regarding the shortfall in premium against his policy and that the policy being in lapsed mode, the same was not reinstated as the necessary formalities such as payment of the shortfall in premium, completion of the Health Declaration Form and undergoing the medical examination was not completed.

The complainant has been duly informed by the company regarding the status of his policy, and therefore, it is denied that the complainant has been regularly paying the premiums.

The complainant be put to strict proof regarding his claim that he has paid all the premiums. As per the last letter dated September 08, 2005 written by the company to the complainant, an amount of Rs. 9545/- was due and payable along with the Health Declaration Form and medical test. However, since the policy has been lying in lapsed mode, for reinstatement of the policy, the customer will have to apply through a request and the same will be considered as per the Rules of the company for reinstatement. The complainant may kindly be directed accordingly."

Decision : We find that the insurer gave no explanation about deferment of providing coverage w.e.f. September'01 in spite of initial payment in March'01. The risk was covered w.e.f. September'01 but the insurance company, in their self-contained note dated 18.01.06, stated that the complainant had not paid the premium during the period July'01 to October'01. The insurer stated about shortfall in premium during 2001, 2002 and 2003. At the same time, they stated that premiums due up to October'03 were adjusted and the policy lapsed from November'03.

We pointed out the above anomalies and discrepancies to the insurance company in our letter dated 15.06.06 and sought clarifications. But we have not received any reply from them. We also find from the copy of the bank statement submitted by the complainant that premia were debited from his account on the following dates:

05.07.03, 29.08.03, 05.09.03, 16.10.03, 13.12.03, 15.01.04, 05.02.04, 09.03.04, 13.03.04, 07.05.04, 11.06.04, 11.08.04, 17.09.04, 15.10.04, 12.11.04, 12.11.04

@ Rs. 415/-

07.08.04 Rs. 3255.10 () As per policyholder's letter these

10.08.05 Rs. 3255.15 () amounts pertain to some other policy.

The complainant also furnished copy of his cheque no. 938057 dated 11.04.05 for Rs. 2490/-, which was not accepted by the insurance company on the plea that the policy had lapsed w.e.f. November'03. We also do not find the period for which the premia were adjusted by the insurance company in their acknowledgement issued to the complainant. It is also not clear on what basis the insurance company made the policy lapse w.e.f. November'03 and how the arrear sum of Rs. 9545/- was derived by them.

The insurance company did not respond to our letter dated 15.06.06, whereas the complainant submitted the copy of the bank statement with all details. In view of the lack of proof about shortfall in premium and non-response on the part of the insurance company, we direct the insurance company to adjust the premium up to October'04 and reinstate the policy by accepting premium w.e.f. November'04 without charging interest. We also direct the insurance company to mention the period of adjustment of premium in their acknowledgement in future.

Kolkata Ombudsman Centre
Case No. 851/22/001/L/03/2005-2006
Shri Rampada Paul
Vs.
Life Insurance Corporation of India

Award dated : 31.07.06

Facts & Submissions : The complaint is regarding non-receipt of proposal deposit amount with interest.

Shri Rampada Paul proposed a Bima Plus Policy in the name of his wife Smt. Malati Paul and paid Rs. 20,000/- by way of deduction from the maturity claim proceeds of policy standing in his name. The amount was paid under MR No. 1120 dated 29.03.04. But till date he has not received the FPR and Policy Bond. He wrote to Egra Branch as well as Howrah Divisional Office time and again, but they did not take any step so far. Being aggrieved, he has approached this forum and requested for refund of deposited amount with interest.

LICI Egra Branch informed that they have refunded an amount of Rs. 20,000/- vide cheque no. 212809 dated 27.03.06 drawn on UBI, Egra Branch. The complainant has acknowledged the same but demanded penal interest vide his letter dated 09.05.06. LICI, Egra Branch, again vide their letter dated 26.07.06 informed that they have settled the delayed interest of Rs. 3178/- vide cheque no. 221289 dated 25.07.06 drawn on UBI, Egra. The cheque was hand delivered to the complainant on 25.07.06.

Decision : Since the insurer has refunded the amount along with penal interest, no further action is called for from our end.

Kolkata Ombudsman Centre
Case No. 706/22/001/L/01/2005-2006
Shri Ashok Dutta
Vs.
Life Insurance Corporation of India

Award dated : 31.07.06

Facts & Submissions : The complaint is regarding alteration of Table/Term under the aforesaid policy.

Shri Ashok Dutta had taken a policy from Bokaro Branch-II for Table & Term 106-15, but the Branch issued policy for Table & Term 108-25. He submitted an application along with policy bond for correction to the Branch, but till date no action has been taken. Being aggrieved, he has approached this forum and requested for necessary alteration.

We issued a letter dated 30.01.06 to the complainant as well as to the insurance company for submitting the 'P' forms and Self-contained note (SCN) respectively. Again, we issued a reminder dated 16.03.06 to the complainant and insurance company, but there was no response from them.

Decision : We find from the letter dated 23.08.05, endorsed to us by the complainant with his original complaint, wherein Hazaribag Divisional Office had advised Bokaro Branch-II that "consideration of change of Table & Term can be done at Branch level". Hazaribag Divisional Office sent the entire policy file to the Branch for their taking necessary action. But since we did not receive any response from the complainant as well as from the insurer in spite of sending reminder letter, it is presumed that either

the complaint has been redressed or the complainant is no longer interested for alteration. Hence, no interference is called for from our end.

Kolkata Ombudsman Centre
Case No. 844/22/001/L/03/2005-2006
Shri Gangadhar De
Vs.
Life Insurance Corporation of India

Award dated : 31.07.06

Facts & Submissions : The complaint is regarding alteration in terms and conditions of policy without the consent of the complainant.

Shri Gangadhar De's policy was accepted vide Durgapur Branch-II letter dated 09.07.2001 with date of commencement (DOC) 01.04.2001. He had been paying the premium for last five years regularly since 01.04.2001. While applying for policy loan on 02.01.06, he was advised by LICI vide their letter dated 14.02.06 to deposit Rs. 85160/- against some other terms and conditions without any prior intimation to him for the last five years. He came to know about the change in terms and conditions only when he applied for loan and that too without his consent. He stated that he could not accept any change in terms and conditions of the policy, which was accepted five years back. He further stated that the next yearly premium was due on 01.04.06 and he would like to remit the premium under the same terms and conditions without any alteration. He has now approached this forum for restoration of policy terms and conditions to its original term.

LICI, Asansol Divisional Office stated as under:

"We would like to inform you that the proposal no. 12656/476 S.A. 5,00,000/-, T-T 112-20(12) was submitted at Durgapur Branch - 2. The proposal no. 12656/476 was forwarded to Zonal Office. ZUS vide their ref. 310 dated 25.05.2001 accepting proposal no. 12656/476 gave their decision as another proposal 548/472 retaining the proposal no. 12656/476. Accordingly, BO adjusted the proposal and issued FPR and Policy Bond as per proposal 548/476 under policy no. 464276332.

When the matter was referred by Asansol DO, ZUS rectified their decision vide their letter EZO/Acrl/Complaint dated 01.10.2001 (copy enclosed).

1. Proposal No. 548/476 on the life of G.D.De under T/T 122/14 with sum assured Rs. 140000/- was accepted at ZUS on 31.05.2001 with the underwriting decision.

   "Accepted with Rs. 3.04% extra (Class-II to be applied to S.A.) + AB subject to submission of Standard Age Proof, addendum to the proposal, fresh satisfactory MR + Consent _ DGH"

2. Proposal No. 12656/476 under T/T 112/20(12) was accepted at ZUS with the following underwriting decision on 16.07.01.

"Regret T/T 112/20(12) offered and accept T/T 112/15(10) with class-IV extra of Rs. 11.40%0 sum assured subject to consent".

Asansol Division vide their letter dated 24.07.2001 (copy enclosed) informed Durgapur Br. No.II the above decision with request for DGH, balance premium and consent etc. but the branch office some how could not collect all these as they have already issued acceptance letter and policy bond. They asked for advice from Divisional Office vide

their letter 25.09.2001 (copy enclosed). After that there was no correspondence from the BO to the policyholder.

The matter came to light when party applied for loan and they asked Manager(PS) who advised to collect the arrear premiums and to correct the policy bond and accordingly, BO vide their letter 476/PS/PC dated 14.02.06 asked to deposit Rs.85160/- for difference of premium for 5 years with submission of original policy bond for correction.

Under the circumstances, the policyholder approached Ombudsman."

Decision : We issued a letter dated 13.07.06 to Asansol Divisional Office directing them to clarify on the points raised by the complainant, which were not covered in their self-contained note dated 05.04.06. Since we did not receive any reply from the insurance company, the order was passed as under:

The complainant vide his letter dated 05.05.06 stated that he paid six yearly premiums @ Rs. 43403/-. The complainant has every reason to be dissatisfied about this gross error and negligence on the part of the insurer. Underwriting rules are clear about obtaining prior consent from the proposer, if any alteration in TT/SA or extra premiums is to be imposed. The insurance company did not do this and even after detection of the mistake, five years were allowed to pass for rectification in the policy. Justice demands that the life assured should not enjoy any unwarranted advantage in terms of insurance coverage due to mistake in adjustment that brings loss to the insurance company. We, therefore, direct the insurance company to request the complainant once again to accept the revised terms and conditions. If the complainant does not agree to the revised terms and conditions, the policy should be cancelled and full six years yearly premium should be refunded to the complainant. The insurance company will also pay interest @2% above prevailing bank rate for the entire period.

Kolkata Ombudsman Centre
Case No. 531/24/001/L/10/2005-2006
Smt. Manorama Devi
Vs.
Life Insurance Corporation of India

Award dated : 31.07.06

Facts & Submissions : The complaint is regarding non-settlement of Accident Benefit (AB),

Smt. Manorama Devi, nominee and wife of Late Panchanand Jha, in her complaint dated 29.10.05 and 'P' form details dated 26.12.05 stated that her husband had four LIC policies. He was in good health and physique and was a government employee. He died on account of poisoning on 06.02.03 at Jasidih Railway Station by unknown culprit vide Jasidih Rail P.S. case no. 002/03 u/s 328/302/120B. She submitted all relevant papers to Bhagalpur DO but the insurer did not settle the double accident benefit (DAB). Being aggrieved, she has approached this forum and sought a relief equal to DAB amount under all the aforesaid policies.

We have not received any self-contained note from Bhagalpur Divisional Office. However, we received a letter dated 08.06.06 from Marketing Manager, Bhagalpur Division, which stated as under:

“As enquired over telephone regarding the present position of the death claim for DAB under the above policies, we have to inform you that the same is lying pending due to non-compliance of requirement by the claimant.

We have vide our letter no. BDO/Claims/Mgr dated 16.08.2004 called for from the claimant Court’s final verdict since the cause of death - Murder (accidental death) could not be established by police enquiry. We have also sent a reminder letter dated 18.05.06 to the claimant for early submission of Court’s order in this regard, but the claimant has not yet responded to our letters.”

Decision : We find that the death of the life assured occurred due to “Poisoning”. The question here is whether the death was suicidal, accidental or homicide. Accident benefit is payable in case of accidental or homicidal death, unless any moral hazard is established, but not in case of suicide. FIR No. 002/2003 dated 06.02.03 made by Shri Ramakant Jha at GRP Station Jasidih stated that ‘somebody’ fed the deceased with poisoned sweets at Jasidih Railway Station on 06.02.03 making him unconscious. He suspected foul play since the deceased held an important Govt. post and some unidentified persons might have a grudge against him. GRP, Jasidih started the case under IPC Section 328/302/120B. The life assured died in Sadar Hospital, Deoghar. We also find from the Ranchi edition of Hindi Newspaper “Hindusthan” dated 08.02.03 stating “poisoning by unknown person at Jasidih Railway Station of one Panchanand Jha”. Post Mortem Report of Dy. Superintendent Sadar Hospital, Deoghar done on 06.02.03 mentioned “No definite cause of death could be ascertained and hence following viscera were preserved for chemical analysis - parts of hearts, lungs, liver, spleen, kidney, stomach with contents and intestine.”

Final Report dated 26.08.03 (English translation) from Shri Ram Sharan Yadav, S.I. Railways PS, Jasidih is appended hereinunder:

“On 06.02.2003 complainant Sri Ramakant Jha S/o Sri Navin Chandra Jha, Caster Town, Deoghar gave his statement that his brother in law Panchanand Jha, S/o Sitaram Jha, Vill. Pagardih, Thana - Jasidih, Deoghar present address Yasoda Lal Road, Purandaha,

Deoghar was working as Peskar in D.C.L.R. Office, Madhupur. On 06.02.2003 at 10 A.M. (Saraswati Puja) his brother in law left the house, assuring to return back very soon. On that day at 1.30 P.M. a private driver of Madhupur Sub Division informed him on telephone about the incident and after hearing it the complainant along with some men went to Platform No. 1 at Jasidih Station where he found his brother in law unconscious. His brother in law could not speak. The driver, who informed the complainant, told him that some person gave him poisons in peda. The complainant took his brother in law and went to Sadar Hospital, Deoghar, where his brother in law died during the treatment.

The informer predicted that, some one who had not been benefited in some cases might have given him poison or someone from the office who would be a candidate for the post of Peskar might have done this work.

After registering the case it was investigated. The spot was inspected and statement of the witnesses and relatives was recorded. The disposed cases of D.C.L.R. Madhupur were inspected. It was found that during last six months no serious case was disposed in that office. The statement of employees of D.C.L.R. Office and of driver was recorded. No candidate for the post of Peskar was found. After secret and open investigation no clue was found. After expiry of a long period no clue was found and also in future there is no possibility of any clue. Viscera Report from Ranchi Laboratory

is still awaited. The order of senior officer's received. At last the final report is undetected Article 328/302/120B I.P.C. and accordingly it is conveyed to the complainant."

Circumstantial evidence of poisoning are available but no culprit is named anywhere in FIR, PFR or PMR. We are not aware of any Charge Sheet or Court case. There is also no mention of any statement from the dying person. As such the exact nature of death could not be established. In view of the lack of proof, we are not in a position to come to any conclusion. LICI were, however, directed to expedite their investigation and collect a viscera report from the police authority and decide the claim on merit after allowing reasonable opportunity to the complainant.

Kolkata Ombudsman Centre
Case No. 717/24/001/L/01/2005-2006
Smt. Madhuri Maity
Vs.
Life Insurance Corporation of India

Award dated : 31.07.06

Facts & Submissions : The complaint is regarding non-settlement of Accident Benefit (AB),

Smt. Madhuri Maity's son took a LIC policy with date of commencement 28.11.04. He died on 21.02.05 at Daman by a motor vehicle accident due to rash and negligent driving on the part of the driver of the offending vehicle. The insurance company informed her

verbally that AB was not payable although she submitted all claim forms, policy bond, FIR, PMR, copy of Charge Sheet against the driver of Maruti Van DD-03-C-1113, which was involved in the accident. No reason for denial of AB was given in writing to her or her advocate. Being aggrieved, she has approached this forum and sought a relief equal to DAB amount of Rs. 50,000/-.

LICI, Howrah Divisional Office stated as under:

"We would like to inform you that Late Gouranga Maity, holder of the policy no. 435436062 took a policy for sum assured of Rs. 50,000/- on 28.11.2004 and expired on 21.02.2005 due to head injury by a collision with motor vehicle while walking on a roadside during intoxicated stage by the intake of alcohol as per hospital report. As a result, the basic sum assured of Rs. 50,000/- along with accrued bonus has already been paid and accidental benefit was not considered as per policy condition."

Decision : We find that the accident occurred on 12.02.2005, as confirmed by FIR and Medical Attendant's certificate and that death occurred on 21.02.2005. Daman Police Station accepted FIR under Section 154 IPC on 13.02.05, which mentioned that Maruti Car No. DD-03-C 1113 knocked down the DLA and one of his friends due to rash and negligent driving. Offence under IPC 279, 337 and 338 were registered. The copies of Charge Sheet no. 1543 dated 15.04.05 in the Court of Daman CJM against the Driver of the said Maruti Car, who was arrested on 15.02.05, is also available. Post Mortem Report (PMR) and Medical Attendant's Report confirmed the nature of death as accidental. FIR stated that the DLA and his injured friend consumed liquor at a marriage party. LICI furnished a copy of the Doctor's report stating "Patient under

alcoholic effect". LIC claims manual (page 101, clause 1.2 A) stipulate that the following factors are to be satisfied for consideration of AB:

a) There should be an accident.

b) Date of accident should be established

c) Death or disability will be due to the direct result of injury sustained in the accident.

d) Death will be within 120 days from the date of accident.

e) Policy should be in force on the date of accident as well as at the time of death.

f) None of the exclusion clause stipulated in the policy to be attracted.

g) Intimation/proof of accident should be furnished to the servicing branch within 120 days from occurrence of death/disability.

h) Beyond 120 days case to be referred to Zonal Office for consideration on the merit of the case.

It is clear from the available documents that the DLA himself was not driving a car. He was walking on the road with his friends when the Maruti Car dashed against them due to negligence of the driver - a fact corroborated by F.I.R and Charge-sheet against the driver. The cause of death apparently was rash and negligence driving by the driver. Even assuming but not admitting that the DLA was under the influence of alcohol, his conduct was not the cause of the accident as there was no evidence showing that the D.L.A invited the accident because of his disorderly behaviour. Under the circumstances, the denial of the accident benefit on ground of mere suspicion of the effect of alcohol cannot be sustained in view of the recorded offences under the IPC framed against the driver. LICI were directed to allow the accident benefit to the complainant.

MumbaiOmbudsman Centre
Case No. LI-197 of 2005-2006
Smt. Umabai Babulal Sonekar
V/s
Life Insurance Corporation of India

Award dated 14.7.2006

Smt. Umabai Babulal Sonekar approached the Insurance Ombudsman against rejection of Disability Benefit under policy nos.972747609 and 971771039, by Life Insurance Corporation of India, Nagpur D.O. It is seen that Smt.Sonekar was insured under the above two policies with effect from 10.01.2000 and 25.03.1988 for Rs.20,000/- and Rs.15,000/- respectively. Smt. Umabai Sonekar was employed as a sweeper in Nagar Parishad, and on 11.02.2003, while performing her duty there was a sudden blast of some unknown object which caused leg injuries to her. Subsequently, the right leg of the Life Assured was amputated and the left leg was fractured. When the claim for Extended Permanent Disability Benefit was preferred by LA, Smt. Umabai Sonekar, LIC of India rejected the claim by stating that the disability benefit for both the policies were disallowed as the deformity was only of 40% with amputation of Rt.leg and fracture of left leg. Not agreeing with decision of LIC, Smt. Sonekar represented to the ZM, WZO, which was turned down by them. Hence her complaint to Ombudsman.

As per Questionnaire (Form No.5280) undated completed by Government Medical College, Nagpur, Smt. Umabai Sonekar was admitted to the hospital on 12.02.2003 with history of blast injury near Wadsa, Desaigunj on 11.02.2003 and the final diagnosis arrived at the hospital was “c/o Blast Injury c Traumatic amputation (Rt.LL) c Gr I Comp # BB leg (left)”. It is also mentioned in the above form that the disability is 40 percent temporary and time required for her to recover fully from the disability as permanent. However, the Handicap certificate issued by the Office of the Civil Surgeon, General Hospital, Gadchiroli states “ The nature of her disability is below knee amputation of (Rt) lower limb, her permanent disability of above deformity 60% (Sixty percent in words)”. There is also a certificate on record issued by the Medical Board, Indira Gandhi Medical College, Nagpur, which states that the life assured is unfit for duty permanently. As is seen from the condition of the policy, the policyholder will be entitled to disability benefit arising out of an accident only when it is total and permanent and is such that there is neither then nor at any time thereafter any work, occupation or profession that the Life Assured can ever sufficiently do or follow to earn or obtain any wages, compensation or profit. Further, the clause mentions irrecoverable loss of the entire sight of both eyes, or the amputation of both hands at or above the ankles, or the amputation of one hand at or above the wrist and one foot at or above the ankle as examples of total and permanent disability. It can be seen from the Handicap Certificate issued by General Hospital, Gadchiroli, wherein 60% disability is mentioned, the reason for issuing this certificate was to enable the life assured to register her name as physically handicapped person in the Employment Exchange for employment. This clearly shows that the disability was not total which would preclude her from taking up any employment in future. I, have, therefore, no reason to interfere with the decision of LIC of India to reject her claim for EPDB. In exercise of powers conferred on me as per Rule 18 of the RPG Rules, 1998, I decide to make an ex-gratia award of Rs.10,000/- as one time lumpsum payment without making any precedent for similar cases in future or for future contingencies on these policies and strictly on merits of this case alone.

Mumbai Ombudsman Centre
Case No.LI-021 of 2006-2007
Shri Damji Velji Mota
V/s.
Life Insurance Corporation of India

Award dated 29.8.2006

Shri Damji V Mota had taken a New Bima Kiran Policy no. 923359137 (Premium Back Term Assurance with Loyalty Additions) from Life Insurance Corporation of India, 91J of Thane Divisional Office At the time of proposal Shri Mota had undergone medical examination and based on the medical report LIC had charged Rs. 7.20 per thousand extra premium and Shri Mota had to pay total premium of Rs. 11,003 which includes an extra premium of Rs.3,601 on account of health extra. After a lapse of 10 months Shri Mota received a letter from LIC stating that the health extra was wrongly calculated by them and he had to pay an increased premium of Rs. 14,603 on account of health extra @ Rs.14.40 per thousand so as to continue the risk cover under the policy. Not satisfied with the decision he represented to the Branch Manager and the Sr. Divisional

Manager and pleaded for continuing the policy with the old premium rates. Aggrieved for not acceding to his request Shri Damji V Mota approached this Forum for justice. After perusal of the records parties to the dispute were called for hearing. The relevant records submitted to this Forum have been scrutinized. It is not disputed that the policy under the New Bima Kiran Plan for Rs.5,00,000/- Sum Assured was issued by the LIC of India with Rs.7.20%o health extra premium after receipt of all the requirements called for by the LIC of India for assessment of the risk. As per the underwriting decision taken by the Zonal Underwriting Section of LIC, the proposal of the Life Assured was accepted on 6th June,2005, with Class VI health extra subject to consent from the proposer. However, the Life Assured had given his consent dated 9.6.2005 for health extra premium without specifying the class of extra or the actual rate of extra premium. The Policy document on record reveals that the Policy was issued with health extra of Rs.7.20%o as per the endorsement therein. Although there is no counter offer letter on record the fact that LIC accepted the health extra @ Rs.7.20%o, completed the proposal and issued the Policy incorporating the same therein clearly indicates that the Life Assured was informed about the health extra of Rs.7.20%o and not Rs.14.40%o as per the underwriting decision, orally or through the agent before obtaining his consent. LIC of India, in their written submission as well as oral deposition stated that 'Class VI' health extra was misread by the Branch as 'Class IV' and, accordingly, the Policy was issued with lower premium. The mistake came to light only when the same was pointed out in the Inspection Report. The Life Assured therefore, felt that the Life Insurance Corporation of India is, bound to accept the premium as mentioned in the Policy document throughout the entire term of the Policy. However, since the entire documents have been placed before this Forum with original records of the Corporation and decisions thereon, it is also important to note that against clear instruction of Class VI health extra , if an administrative mistake crops up and the Corporation is asked to continue with the mistake for entire 23 years it would be unjust and illogical and untenable. If this would have happened conversely the decision would have been the same ie. to rectify it immediately. In the instant case, it can be said that it was a clerical error but at the same time, the Policyholder is also right in claiming that the contract was complete when LIC issued the policy showing the premium as demanded. If LIC had made the counter offer by specifying the actual extra amount, the Policyholder would have got an opportunity to accept or reject the proposal with extra premium mentioned in the counter-offer letter. Taking this view while LIC should fix responsibility on the erring officials they are also advised to take the steps by consulting and taking consent of the policyholder and both the parties to the contract are hereby directed to get together and decide to arrive at a consensus taking into consideration the points mentioned in the Award so as to resolve the dispute.

Mumbai Ombudsman Centre
Complaint No.LI-015 of 2006-2007
Award No.IO/MUM/A/ 171 /2006-2007
Shri Madhav Ramdhan Patil
V/s.
Life Insurance Corporation of India

Award dated 15.9.2006

Shri Madhav Ramdhan Patil insured under the policy issued by Life Insurance Corporation of India for a Sum Assured of 50,000/-. On 27th April, 2004, at around 10.00 a.m., Shri Patil went to his agricultural land to perform his routine farming activities. During this time, he climbed a mango tree to pick mangoes and accidentally fell from the tree. Subsequently, his family members and neighbours admitted him to Dr.Vinod H Jain's Hospital in Jalgaon. As per the Doctor's report, Shri Patil's fall resulted in "paraplegia with bowel/bladder involvement" resulting in permanent disability of 90%. When the Life Assured, Shri Patil, preferred the claim for Permanent Disability Benefit (PDB), LIC of India Nashik DO rejected the claim stating that the disability benefit would not be payable as the policy was not in full force as on the date of accident, i.e., 27th April, 2004. Not agreeing with the decision of LIC of India, Shri Patil represented to the Zonal Manager which was turned down and hence being aggrieved Shri Patil approached this Forum for justice. The records of the case were perused. It is relevant to examine whether the above claim is established under the Policy as per the terms and conditions. It is seen from the clause that the policyholder will be entitled to disability benefit arising out of an accident only when the Policy is in force for the full sum assured as on the date of the accident. The date of commencement of the Policy was 25th November, 2002, under the yearly mode. The premium for 11/03 was paid on 3rd May, 2004, i.e., only after the date of the accident, which is confirmed from the premium history sheet of the policy on record.

It is evident from the premium history on record that the policy was in a lapsed condition, as on the date of the accident and thus does not satisfy Clause 10.2 of the Policy conditions to be entitled to the disability benefit. To this extent, there is no reason to interfere with the decision of LIC of India to reject the claim of Shri Patil for Permanent Disability Benefit.